Corporate Social Responsibility
From an Organizational Learning Perspective:
A Participatory Action Research Approach

By

Hui Ling

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Supervisor: Dr. Jean-Pascal Gond

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Abstract

This dissertation is an explorative study of CSR in an organizational learning perspective. The primary research objective of this study is to explore the process of initiating CSR organizational learning and to analyse the micro-level dynamics underlying CSR organizational learning. To achieve a more in-depth understanding of organizational learning, the author designs a participatory action research strategy to intervene and observe CSR organizational learning in a Chinese local private company.

Findings of the research are based on qualitative primary data derived from the field and secondary data from the company's internal materials. Data analysis is focused on the organizational learning processes and outcomes. This research uses a CSR sensemaking model as the framework of data analysis to examine the company's cognitive, linguistic, and conative processes towards different sets of stakeholders before and after intervention. The differences identified are interpreted as learning outcomes.

The research reveals that CSR concepts can be mediated via consultancy, and the learning happens at different dimensions of the sensemaking model. The discussion focuses on improvements of CSR sensemaking model, consultants' contribution, and the role of national context in organizational learning.

Research limitations and further research areas are also analysed.

Key words: Corporate social responsibility, organizational learning, sensemaking, intervention, stakeholders, consultancy, consultants, participatory action research, and Chinese context.

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Chapter 1

Introduction

This chapter aims to provide the background of CSR development in China as the empirical context of the research, and to argue that consultancy can help to facilitate and observe the process of CSR organizational learning of Chinese companies. It will identify the significance of the research and outline the research objectives. At the end of this chapter, it will also present the structure of the dissertation paper as a whole.

1.1 Background to the research

CSR development in China

China is developing and she is ‘learning’, sometimes from the West. And the West, of course, is willing to ‘teach’. China has embraced globalization in the areas of trade and foreign direct investment. The past quarter of a century has seen Western businesses investing heavily in China, striving to adapt their business models to this huge market, while bringing capital, technology and management know-how to the country (Cooke, 2005, p.23). It can be assumed that the globalisation stimulated and encouraged the emergence of CSR. (Chapple and Moon, 2005) Zheng (2006) proposes a similar argument that economic globalization is also helping to establish CSR in China. With the trend that MNCs greatly invested in Chinese market, they also brought the concept of CSR into the Chinese society (Corp Watch, 2005). More and more academics, businessman, government officials, and kinds of media in China are talking about CSR. While CSR is no longer a new concept or practice to the world, its initiatives in China is comparatively young. By looking at the emerging CSR initiatives of multinational corporations, state-owned enterprises, and local private companies, we will see the bigger picture of CSR development in China, which provides the empirical context of the research. CSR Development of local private companies particularly gives a chance to understand the researched local private company in terms of historical development context.

CSR of Multi-national Corporations in China

IBM has donated tens of millions of US dollars into education in China. Ascott Group has opted to help pupils in Guangxi by donating funds to provide immunizations and nutritional lunches for children. UPS launched Global Volunteerism Week; employees go out of the office and donate their time to help non-governmental organizations in their community activities such as painting, helping the elderly, and organizing auctions or in-kind donations. 'Life is uncomplicated for those who see corporate social responsibility as a philanthropic pursuit. Yet an increasing number of business and civil leaders tend to differentiate corporate citizenship from philanthropy.' (Corp Watch, 2005) More attention has been focused on integrating corporate social responsibility practices into business objectives and, above all, redefining the role of a company in society and its environment.

Global consumer movements and public awareness of corporate social responsibility in North America and Europe have led to anti-sweatshop campaigns against the circumstances in the supply chains in developing countries. As a result from this pressure, MNCs started to launch corporate codes of conduct regarding labour standards in China and other Asian countries in the early 1990s (Pun, 2003, p.4-5, cited in Myllyvainio and Virkkala, 2006). Code of conduct and supply chain management is one of the ways to achieve corporate social responsibility by MNCs in China. They also bring other CSR strategies developed by the headquarters, such as strategies in environment and community, to their subsidiaries in China, attempting to keep them in line with the corporation as a whole, which also setting up examples in CSR for Chinese firms. But, some of the MNCs operating in China have tended to ignore or try to reduce their social responsibilities. Research and media reports in China have found that some MNCs have been weakening their social responsibilities in

China, and have been engaged in irresponsible behaviour to Chinese customers, environmental pollution, and tax evasion and market manipulation. (Zheng and Chen, 2006a)

CSR of State-Owned Enterprises

Government's heavy involvement in economic life via State-Owned Enterprises (SOEs) was a vehicle for it to provide the so-called "cradle-to-grave" social services to employees of SOEs. For those publicly listed companies that have transformed from SOEs, it is likely that the practices will be maintained for a long time as China has adopted a gradual approach (Wei, 2003, citied in Jia, 2004) to reform rather than a drastic one. Therefore, in this respect, Jia (2004) argues that,

- In China, SOEs and publicly listed companies (those transformed from SOEs) are taking on social responsibility related to employees due to historical reasons.
- Their social responsibility to employees will be gradually relieved with the set up of a proper social security system.
- More transparent arrangements in corporate social responsibility to employees will increase the international competitiveness of SOEs and publicly listed companies.
- Corporate social responsibility to employees in the area of duty of care for Occupational Health & Safety should not be compromised in the economic reform and transition period.

Good CSR practice by Western firms in one way or another influences the development of CSR in China's domestic firms. These practices have helped the Chinese government to realize that adopting CSR will strengthen the international competitiveness of Chinese corporations. (Zheng, 2006) The Chinese government has taken an active role concerning CSR and encouraged SOEs to incorporate CSR into their business in order to achieve sustainable growth and competence in both domestic and international markets. 80%, mainly in energy industry, out of 34 companies of Chinese companies that published

CSR reports or sustainability reports were SOEs. (Guo, 2007) However, Li (2007, cited in Guo, 2007) states that though the Chinese companies are increasingly publicizing their CSR performance, compared with some western MNCs, the integration of their CSR notion and the objectives and strategies is not close enough. CSR Guideline for State-Owned Enterprises by State-owned Assets Supervision and Administration Commission (SASAC), PR China publicly issued on Jan 4, 2008, which indicates the SOEs are about to conduct CSR in large scale in the near future.

CSR of local private companies

Privatization, an important process in deregulating a centrally controlled economy, has been a significant component of China's economic reform and restructuring. In the Maoist Era (1949-1976), private economies were perceived as seedbeds for capitalism, and all the policies were designed to eliminate them. The size of the labor force in urban private business was reduced from 8,830,000 in 1952 to merely 150,000 in 1978. At the same time, state-owned and collectively owned enterprises increased in number and size. After Mao's death in 1976, the role of private sector was defined as complementary to state- and collectively owned enterprises. Therefore, the private enterprises and individual business were allowed to grow. (Han and Pannell, 1999) An empirical analysis by Han and Pannell (1999) shows that unemployment in the commercial sector has been associated with the growth of the urban private sector. Moreover, it is geographically significant that the stronger the private sector at the provincial level, the faster the province's economic growth.

Shan （2007）distinguishes four stages in the evolution path of Chinese local private enterprises in the area of CSR alongside the economy growth.

The first stage: founded in early 1980s. When the economy was not well developed, some private companies emerged in some regions. They started with market stalls, family workshops, and street traders. At this stage, there was no clear division of labor with the private enterprises. They grew on their own motivated by the clear non-collective ownership to maximize profits without much supportive polices. The economic responsibility dominated CSR of these local private enterprises, however in the same time they provided the needed products and services to the society.

The second stage: late 1980s to early 1990s. Those local private enterprises that survived in the market competition started to seek a sustainable way to grow and strengthen the core competences. Human resources became one of the most important advantages, based on which the entrepreneurs started to think about how to treat employees well. Then came the corporate culture establishment, working conditions improvements, training, career planning, and other forms of HR investment.

The third stage: mid 1990s. The local private enterprises stepped up steadily. They wanted to become stronger and bigger in order to obtain corresponding social identity, aiming at long-term profit and sustainable development, paying attention to stakeholders close to the organization. At this stage, responsibility to costumers, suppliers, government and other stakeholders became the major part of the local private enterprises' social responsibility.

The forth stage of the evolution: 1997 till present. The 15th Congress of the Chinese Communist Party (CCP) in September 1997 was an important milestone in China's convergence to a normal market economy. It put forward the resolutions to privatize much of the state-owned sector, to reduce legal discrimination against non-state and non-collective forms of ownership and to increase the economic opening to the outside world. (Woo, 1999) Since when, the private economy became a legitimised part in the Chinese economy. This was the blooming period for the local private enterprises. Having wealth and social identity, the entrepreneurs emphasised the social responsibility of the company. Poverty elimination, education, humanity, environment protection were the prioritized areas. Philanthropy donation, attendance in public welfare events, and setting up foundations were the common seen approaches.

Two faces of CSR in China

More and more Chinese companies are paying attention to CSR issues and trying to be more responsible. From 2006, the Hurun Report started to list Hurun Report Corporate Social Responsibility Ranking of Companies in China in terms of amount of donation (weight 25%), jobs and tax (25%), employees' rights and environment (25%), and leadership in philanthropy and transparency (25%). Year 2008 witnessed a sharp rise in both the SOEs and local private companies. The proportion of Chinese Companies rose to 76% from 68% in 2007 and 48% in 2006. (See figure 1.1) An interesting quote presents the tremendous growth of CSR in China. Few in China knew the meaning of "corporate social responsibility" until a few years ago, when political and business leaders began to tout socially conscious industry initiatives. Currently, Chinese businesses and government have the increasing awareness on these issues; media exposures and various conferences in term of "CSR in China" took place frequently. (China CSR, 2006, cited in Shen, 2006) "Now," said Shanghai-based CSR & Co. consultant Corinne Hua (2008, cited in Sartori, 2008) "it's on the lips of most business leaders and government."

However, a problem exists in the private economy sector. According to a survey in 2002 by the Chinese entrepreneurs survey system, the most popular items to the question 'what are the misbehaviors in your industry?' are *arrears of wages* (43.4%), *shoddy work and inferior materials* (37.8%), *deceiving customers (35.5%)*, and *environment pollution* (18.9%). (Nie, 2006) Working hours, minimum wages, corporate standardization and governmental supervision are four major weaknesses of Chinese business. (Shen, 2006) Irresponsible behavior by some Chinese companies has caused a huge number of tragic accidents in recent years following the regeneration of the private sector in China, resulting in the deaths of countless thousands of people. (Zheng, 2006)

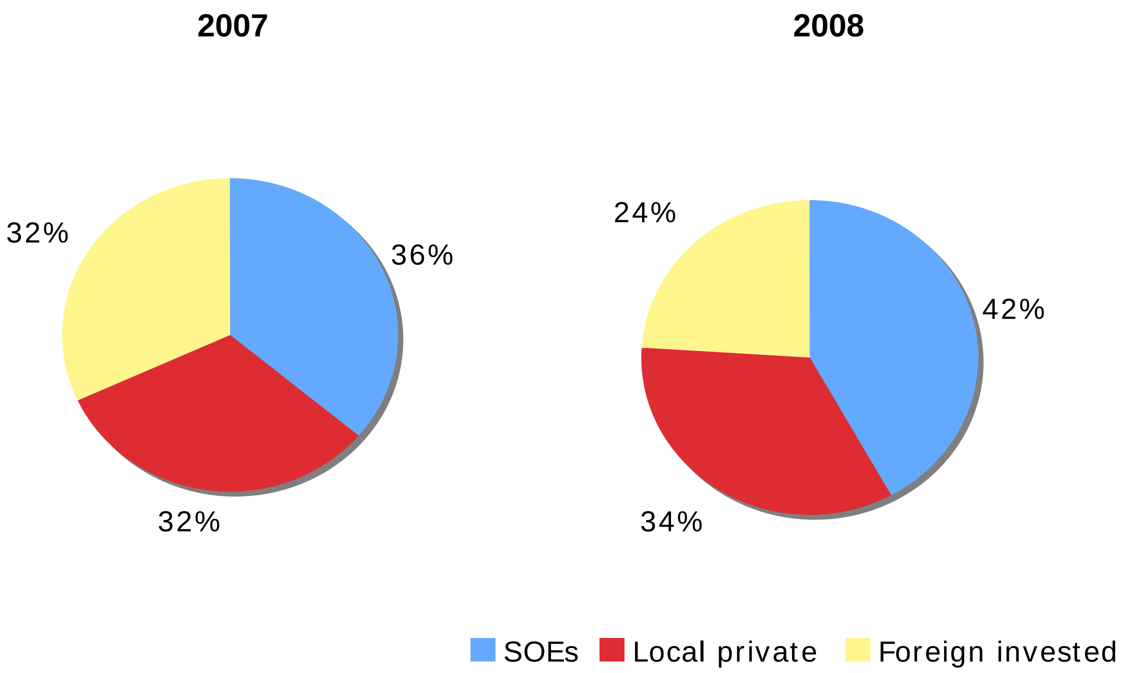

Figure 1.1 The Hurun Top 50 of CSR in China
Source: Hurun Reorpt. http://www.hurun.net/listcn100.aspx, and http://www.hurun.net/listen63.aspx

1.2 Problem statement and research objectives

1.2.1 Problem statement

The growing two faces of CSR development in China will provide academic research with rich empirical context in terms of developing economy, transitional society, and particularly starting phase of CSR. There is some research done about CSR in China (e.g. Zheng, 2006; Shen, 2006; Cai and Wheale, 2004; Long and Pamlin, 2005, cited in Myllyvainio and Virkkala, 2006), but these articles are mostly concerning labour issues and environment, problems relating to the legal system, and stakeholder management. But, how these Chinese companies started taking on the CSR concept and the consequential changes within the companies have not yet been focused and addressed in the literature. An approach of CSR in terms of organizational learning will give a chance to investigate the process and outcomes of CSR organizational learning at the very starting phase of CSR.

Young et al. (2003) mention that there are a number of forms of exchange through which CSR ideas and solutions can be mediated, including internal business networks and consultants; membership of general business associations; transmission of ideas and solutions on a pro bono basis; the demonstration effects of government initiatives; CSR membership organisations; and [external] consultants. As CSR ideas and solutions can be mediated through internal and external consultants, it is possible to use consultancy as a mean to investigate the unexplored field, providing an insider perspective. In general, consultancy includes five-phase process of management consulting: Entry, Diagnosis, Action planning, Implementation, and Termination. (Kubr, 2002, p.21) The use of consultancy will provide a chance for more in-depth and interactive investigation.

1.2.2 Research Objective

Given the research deficit identified before, the main research objective of this study can be formulated as follows:

> *The research objective is to explore the process of initiating CSR organizational learning and to analyse the micro-level dynamics underlying CSR organizational learning.*

Specifically, the research attempts to offer new theoretical insights into (1) the processes that lead to adoption of CSR, (2) the various drivers and challenges of organizational learning of CSR at firm level, (3) the gap and dynamic between behaviour, theory-in-use, and espoused theory in terms of CSR, and (4) the contribution of consulting to intervene CSR organizational learning.

1.3 Structure of dissertation paper

The paper starts with explaining how the CSR concept in China develops and why it is of value to look into the starting stage of CSR adoption triggered by an external CSR consultant in a particular company. Having introduced the research background, the remaining sections of this paper are organized as follows: chapter 2 provides the brief theoretical literature review in the field of CSR in organizational learning perspective and organizational learning, the CSR consultancy industry, the consulting process, and the roles of consultants, as this theoretical approaches and concepts are the main source of inspiration in structuring the analysis presented in the following chapters. In chapter 3, the proposed methodology about the participatory action research will be presented and followed by the explanation of method and the reason of choosing certain case, data collection methods; a matrix is developed to frame data analysis. Next, chapter 4 documents the process of consulting intervention and its outcomes within the target company at cognitive, linguistic, and conative level; conclusions will be drawn on the basis of the analysis. In chapter 5, the research is evaluated and discussed in terms of the influencing factors, the drawbacks and limitations of this paper, and the improvement for future research on this topic.

Chapter 2

Review of Literature

This chapter will provide an overview of relevant literature in the field of organizational learning, process-based CSR as the theoretical basis of research. The first part illustrates the map of theoretical background. The second part begins with a short review of content-based CSR approaches and the critique of them; then the process-based CSR approaches are presented as an alternative line of CSR inquiry, focused on two models, i.e. a process model of sensemaking and a model of corporate stakeholder responsiveness. The third part presents a general survey of organizational learning emphasizing contrasting theories and perspectives when describing different aspects of organizational learning, such as types of learning, players of learning, and intervention of learning. Then, the research question is defined based on the consideration of the above flows of theories.

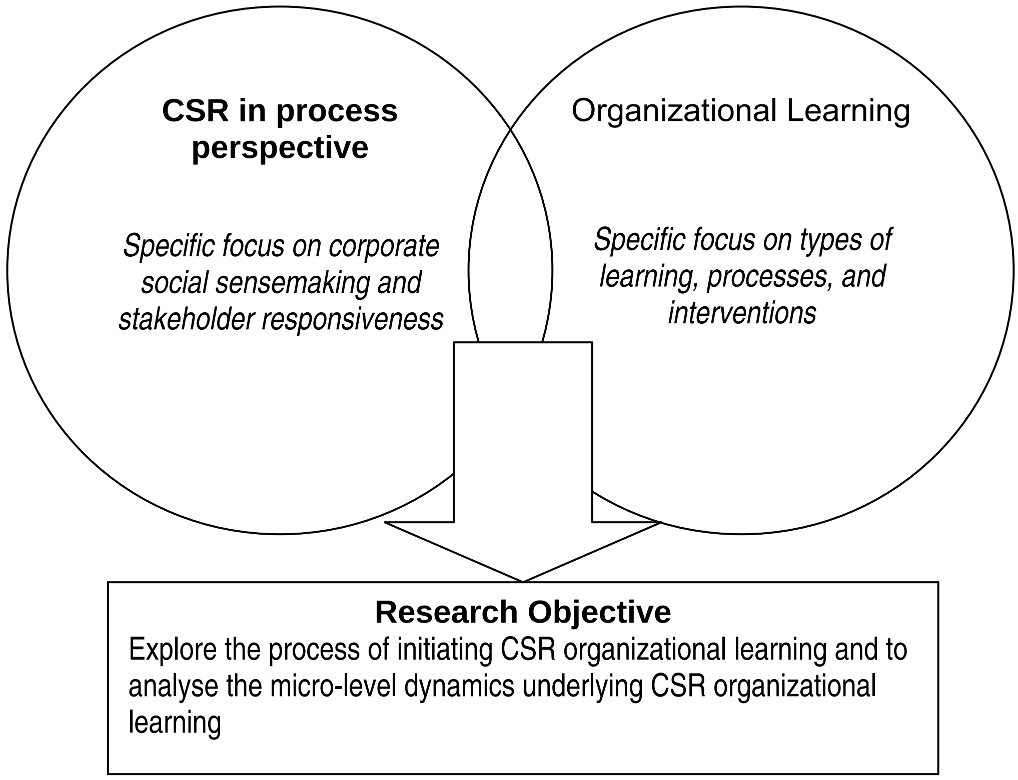

Figure 2.1 Position of the two fields of theories in the dissertation

2.1 Map of the theoretical background

This research draws on two research fields, CSR in organizational learning perspective (2.2) and organizational learning (2.3). (see figure 2.1) Thereby, the CSR in process perspective is typed in bold because the research aims to mainly contribute to this research field and organizational learning as a pool to draw theories and concepts from. Both are necessary to achieve the research objectives of exploring the process of initiating CSR organizational learning and analysing the micro-level dynamics underlying CSR organizational learning.

The process model of sensemaking will explain how managers think, discuss, and act with respect to their key stakeholders and the world at large by proposing a set cognitive, linguistic, and conative dimensions to identify such an intrinsic orientation that guides CSR- related activities. (Basu and Palazzo, 2008) This research uses this model as the framework of data analysis to study the firm's cognitive, linguistic, and conative processes towards different sets of stakeholders. The model of corporate stakeholder responsiveness will provide a learning framework to explain why and how firms adopt a broader respectively changed stakeholder orientation or why they do not. (Maurer and Sachs, 2005) This model is used as a tool to understand the stakeholder learning processes.

The adoption of corporate social responsibility is bound to have an impact on a firm's corporate culture. (Cramer, 2005) It will result in rebuilding the company's shared values, norms and attitudes, as well as a strategic embedding within the organization of the triple bottom line. What once were separate sets of actions carried out at operational level now needed to be harmonized at all levels in the organization. The adoption of corporate social responsibility also starts from a certain level or department in the firm, then diffuses to the other parts of the firm. It is a learning process of CSR concept and skills. Therefore, organizational learning theory might provide a helpful framework to shape the process how a corporation adopts CSR.

2.2 CSR in process perspective

2.2.1 Content-based vs. process-based approaches of CSR

Content-based CSR

The three content-based CSR approaches, i.e. stakeholder-, performance-, and motivation-driven, (Basu and Palazzo, 2008)

Stakeholder- driven: CSR is seen as a response to the demands of largely external stakeholders, (Basu and Palazzo, 2008) such as governments, customers, investors, community, NGOs, and lobby groups that can affect, or is affected by, the achievement of the firm’s objectives. Their concerns are either with a firm’s operations, like labour rights (Robert, 2002) or general social issues, such as environment (Gray, 2006), safety and health of community (Jenkins, 2004), and value creation (Cai and Wheale, 2004).

Performance-driven: it emphasizes the link between external expectations and a firm’s concrete CSR activities, focus on measuring the effectiveness and selecting best suited activities to deliver the requisite performances (Basu and Palazzo, 2008), such as social performance (Adams, 2004), financial performance (Cowton, 2004), and environmental performance (Gray et al., 1995). CSR in stakeholder expectations and their Implication for company strategy have also been discussed. (Dawkins and Lewis, 2003)

Motivation-driven: it examines extrinsic and intrinsic reasons for a firm’s CSR engagement. (Basu and Palazzo, 2008) Brown and Fraser (2006) list the business benefits of CSR, including creating financial value, attracting long-term capital and favorable financing conditions, raising awareness, motivating and aligning staff, and attracting talent, improving management systems, risk awareness, encouraging innovation, continuous improvement, enhancing reputation, transparency to stakeholders and maintaining license to operate.

While admitting significant contributions of content-based approaches to CSR research, many scholars raise their critique. Berthoin Antal and Sobczak (2004) argue that there is a gap between static theories and the need for dynamic approaches in the field of corporate social responsibility. The content-based theories of CSR lack of adequate ways of thinking about how companies learn to work with diverse stakeholders to define and fulfil multiple kinds of goals and responsibilities. Basu and Palazzo (2008) point out the overemphasis on the content of CSR activities has been critiqued as leading the neglect of institutional factors that might trigger or shape such activities in the first place. Moreover, simply documenting CSR-related activities without understanding their precipitating causes is unlikely to reveal real differences among firms, since the CSR reporting tends to be more standardized and homogeneous. (Fry and Hock, 1976, Snider, et al., 2003. Cited in Basu and Palazzo, 2008)

Process-based CSR

In contrast to content-based models of CSR, more and more efforts are focused in another kind of models, process-based CSR. Berthoin Antal and Sobczak (2004) argue that by drawing on insights and concepts from the field of organizational learning, the gap inherent in theories of corporate social responsibility can be overcome. They identify the kinds of learning that organizations must become skilled at in order to tackle global responsibility: Single-loop, double-loop, and deutero learning (Argyris and Schön, 1974, 1996), unlearning (Hedberg, 1981, cited in Berthoin Antal and Sobczak, 2004), and knowledge creation (Nonaka and Toyama, 2001, cited in Berthoin Antal and Sobczak, 2004). Gond and Herrbach (2006) view the organizational reporting about social responsibility as a learning tool when used interactively, under this view the design and implementation of corporate social reporting procedures may lead to individual and organizational dynamic changes that foster organization performance. They propose to establish a distinction between two key social responsibility learning processes: corporate social adaptation (CSA) process and corporate social learning (CSL) process. CSA is a dynamic interaction of ‘processes’ with ‘outcomes’. CSL involves a dynamic interaction of ‘processes’ with both ‘outcomes’ and ‘principles’. They apply this model to corporate social reporting (CSREP), claiming that CSREP can be view as an organizational learning tool. Moreover, depending on the use of CSREP, ‘it can be inscribed within a CSA or CSL framework. Another two works: a process model of organizational sensemaking by Basu and Palazzo (2008) and a model of corporate stakeholder responsiveness by Maurer and Sachs (2005) are reviewed in detail in the next two sections. (2.2.2 and 2.2.3)

2.2.2 CSR: a process model of sensemaking

Sensemaking – rationalizing what people are doing – involves turning circumstances into a situation that is comprehended explicitly in words and that serves as a springboard into action. (Taylor and Van Every 2000, p. 40, cited in Weick et al. 2005) Sensemaking has also been described as ‘a process in which individuals develop cognitive maps of their environments’ by Ring and Rands. (1989, p.342)

In the view of sensemaking, CSR activities are seen as resulting not directly from external demands but, instead, from organizationally embedded cognitive and linguistic processes, which lead the organization to view its relationship with stakeholders in particular ways in turn influencing its engagement with them. The mental models or frames that underlie organizational sensemaking influence critical decisions with respect to perceived external and internal stakeholders. Study CSR through the lens of sensemaking as a feature of organizational character might provide a more robust conceptual basis, rather than simply analysing the content of its CSR activities. (Basu and Palazzo, 2008)

Basu and Palazzo (2008) provide a process model of organizational sensemaking with a set of cognitive, linguistic, and conative dimensions explaining how managers think, discuss, and act with respect to their key stakeholders and the world at large. Organizational sensemaking involves a tripartite view of its essential processes: (1) *cognitive*, which is about how managers think about the organization's relationships with its stakeholders and the broader world beyond the good for business, about why managers engage in specific activities that have potential impact on key relationships; (2) *linguistic*, which involves ways of saying the organization's reasons of engage in specific activities and how it goes about sharing such explanations with others; (3) *conative,* which is about how the organization tends to behave. The model guides the study of CSR along two cognitive dimensions (its identity orientation and legitimacy approach), two linguistic dimensions (modes of justifications an d transparency) and three conative dimensions (the consistency, commitment an d posture it adopts with regard to its engagement with stakeholders and the world at large). (See figure 2.2) Thus, CSR is defined as 'the process by which managers within an organization think about and discuss relationships with stakeholders as well as their roles in relation to the common good, along with their behavioural disposition with respect to the fulfilment and achievement of these roles and relationships.'

The three processes in the model, namely *Cognitive*, *Linguistic*, and *Conative,* have their counterparts, *Theory-in-use*, *Espoused theory*, and *Behaviour*, in the theories of organizational learning, specifically theories of action. This connection implies that we can use the organizational learning theories to deepen and further the dynamics underlying this process model of sensemaking.

- **Cognitive – Theory-in-use**: The worldview and values implied by their behaviour, or the maps they use to take action. Theory-in-use is implicit in what we do and can be inferred from action. (Argyris et al., 1985, p.82)
- **Linguistic – Espoused theory:** The worldview and values people believe their behaviour is based on. Espoused theory is about the words we use to convey what we, do or what we would like others to think we do, what

we claim to follow. (Argyris et al., 1985, p.82)

- **Conative – Behaviour.**

Espoused theory and theory-in-use may be consistent or inconsistent, and the individual or organization that use them may or may not be aware of any inconsistency. (Argyris et al., 1985, p.82) When someone is asked how he would behave under certain circumstances, the answer he usually gives is his espoused theory of action for that situation. This is the theory of action to which he gives allegiance, and which, upon request, he communicates to others. However, the theory that actually governs his actions is this theory-in-use. (Argyris and Schön, 1974, p.6-7)

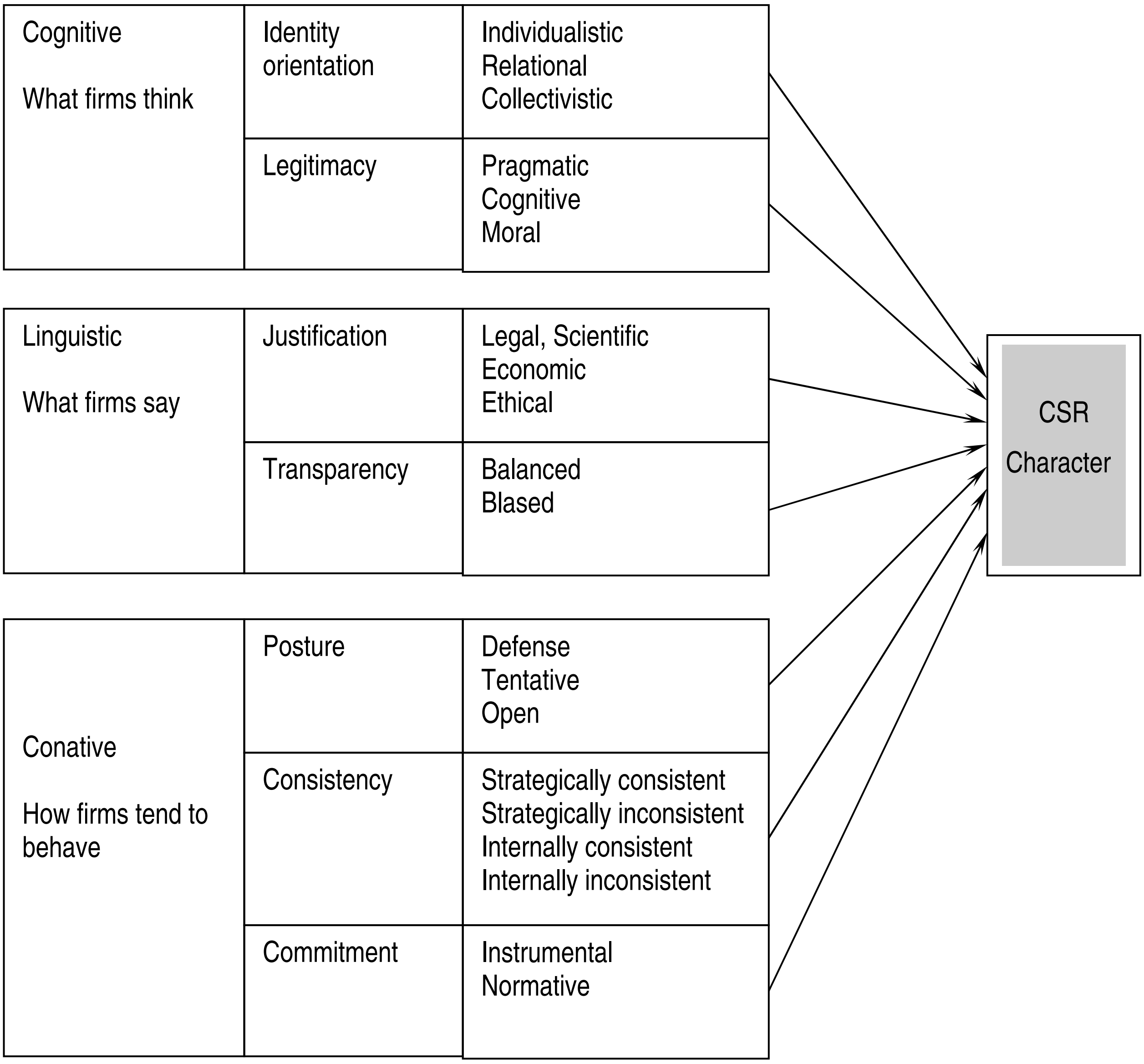

Figure 2.2 CSR: Dimensions of the Sensemaking Process
Source: Basu and Palazzo, 2008.

2.2.3 Learning and stakeholders

Learning process

Maurer and Sachs (2005) argue that learning processes are salient for the implementation of a successful stakeholder management especially with respect to a firm's strategy, structure and culture towards a broader stakeholder orientation. They find, so far, little attention has been paid to learning processes in order to achieve a desired level of stakeholder orientation. They then propose a learning framework to explain why and how firms adopt a broader respectively changed stakeholder orientation or why they do not, in which both internal and external selection forces are identified as decisive factors along the organizational learning journey.

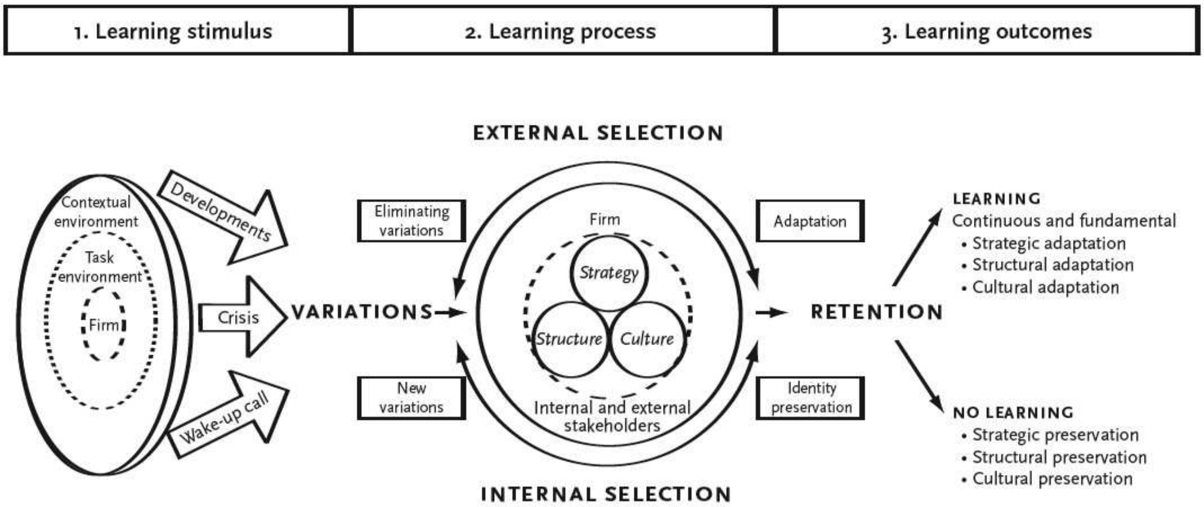

Figure 2.3 Variation-selection-retention Framework of Stakeholder Learning
Source: Maurer and Sachs, 2005

Maurer and Sachs (2005) differentiate between three types of triggering events in the first stage of learning, namely developments, crises and wake-up calls. They are distinct from each other in multiple dimensions such as scope (focal firm, task environment and contextual environment), management's forward notification (whether management perceives changes imposed by an upcoming event *ex ante* or *ex post*) and most importantly by the external selection pressure these events may trigger. The external selection pressure depends on the potential impacts of the variations triggered by an event and on whether the involved (key) stakeholders represent strong market forces, occupy important resources (on which the firm is depending), or have access to political, regulatory or other forms of social power.

At the second stage, both internal and external selection forces are decisive whether the firm adapts its stakeholder orientation or not. Maurer and Sachs (2005) distinguish between three types of learning process:

- *Adaptive learning:* Adaptive learning involves incremental, gradual changes and adjusting routines and practices to avoid known mistakes (or risks) and to take advantage of recognised opportunities. Processes and behaviours are modified, but the configuration of corporate strategy, structure and culture are unchanged (Post et al. 2002, p200, cited in Maurer and Sachs, 2005). It is based on the corporation's core values that already favour a broad stakeholder orientation.
- *Transformational learning:* Transformational learning involves fundamental and even disruptive changes within the focal firm including substantial changes in its core values (Post et al. 2002, 200, cited in Maurer and Sachs, 2005). Significant discontinuities can force such learning, and it may induce changes in an organisation's strategy, structure and culture (Drucker 1989, cited in Maurer and Sachs, 2005). Transformational learning is characterised by higher-level learning (Fiol and Lyles 1985, cited in Maurer and Sachs, 2005), meaning that norms, assumptions and frames of reference are questioned.
- *Renewal learning:* Renewal learning involves evolutionary and more proactive behaviour, including the reexamination of assumptions and cognitive frameworks. Basic values and goals may be pursued in new ways, involving noticeable changes in strategies and structures. The pending expectations of specific and often dyadic stakeholders (Rowley, 1997, cited in Maurer and Sachs, 2005) can induce this type of learning process (Post et al. 2002, p200-202, cited in Maurer and Sachs, 2005).

At the third stage, the interaction of both external and internal selection forces determines if a variation in the firm's environment turns to a strategic and/or structural and/or cultural variation of the firm's stakeholder orientation (adaptation) or if the previous stakeholder orientation becomes 'imprinted' and preserved (identity preservation). (Maurer and Sachs, 2005).

Stakeholder power

According to Roome and Wijen's (2005) study in the context of corporate environmental management practice, the two case companies engaged in fundamentally different types of learning for power-related reasons. They claim that power is an important factor in the theory and practice of organizational learning and stakeholder engagement, especially in connection with corporate environmental management.

In a chemical company with mechanistic structure, their exploitative learning was driven and supported by its parent company and internal management team. It had well-articulated learning roles, a framework to assess stakeholder interests, and used stakeholder demands as a spur to internal problem solving. The company's environmental ambition and approach to risk, together with its stakeholder-weighing system, were used to identify key external stakeholders, whose inputs contributed to the definition of problems. Chemical then mainly used internal stakeholders as a source of knowledge and ideas to identify solutions to these problems; it allocated resources needed to adapt its operations to meet these problems. External stakeholders had power as problem setters but were given, or took, little power in contributing ideas or knowledge to help solve those problems. When solutions could not be found internally, external working groups of national associations were addressed.

In contrast, a food company with organic structure and with a more loosely structured environmental management system, the CEO and his family actively fostered its explorative learning. The company had less well-articulated learning roles, no framework to assess stakeholder interests, and used its stretch targets and ambition as a spur to learning and innovation. Food used external and internal stakeholders as a source of knowledge and ideas, allocating the resources needed to meet their own internal targets. Central actors had power as problem setters, but weakness in internal structures and routines meant that solutions were more difficult to implement because of resistance arising from lack of commitment or conflicting priorities. The power can come from many sources: personal skills, knowledge and networks, formal authority and operational capacity. They suggest that to address power and influence adequately in these contexts and to develop an appreciation of how and why stakeholder influence might affect organizational learning, we need to view the processes of learning in their full complexity.

2.3 Key questions of organizational learning

From the review of process-based approaches, we can see their connections with organizational learning theories, e.g. same categories of processes and the same emphasis on worldview and values of people. Since Simon formally introduced the concept of organizational learning in 1976, a broad range of literatures in organization theory, industrial economics, economic history, and business, management and innovation studies has addressed it. A number of branches of psychology are also revealing on the issue (Dodgson, 1993). Despite this, no single theory or model is widely accepted. Different disciplinary perspectives have contributed to the understanding of the concept. The popularisation of the concept can be attributed to the work of Argyris and Schön (1978), which provides a source for many later works on both organizational learning and learning organizations (Liu, 2005). The following sections examine the insights in several areas: technical and social view of organizational learning, types of learning, intervention of organizational learning and players of organizational learning.

2.3.1 Technical view and social view of organizational learning

Theorizing in the field has focused on the dichotomy between perspective writing that stress 'how an organization should learn' in order to achieve continuous improvement; and descriptive studies, which delve into the meaningfulness of organizational learning and see it as process rather than outcome. Within these two streams there are diverse perspectives towards the understanding of the phenomenon of organizational learning, which fall largely into two categories: the technical view and the social view, according to whether they emphasize learning as a technical or social process (Liu, 2005)

From the technical view, organizational learning is about the effective processing of information. It assumes that organizations are capable of processing, interpreting and responding to information both inside and outside the organization (Huber, 1991). Learning is oriented towards achieving organization effectiveness. For the social view, organizational learning focuses on the sense – making process of people's experiences, and as a result, that knowledge grows out of the interplay between interpersonal relationships. Currently, there is a tendency in the field to move away from the 'technical' and towards the 'social'. (Liu, 2005)

2.3.2 Types of learning

To fully appreciate theory-in-use, Argyris and Schön (1974) introduce a process model and look to three elements (See figure 2.4):

- *Governing variables:* the values that actors seek to satisfy, or those dimensions that people are trying to keep within acceptable limits. Any action is likely to impact upon a number of such variables − thus any situation can trigger a trade-off among governing variables.

- *Action strategies:* the sequences for moves and plans used by people to keep their governing values within the acceptable range.
- *Consequences:* what happens as a result of an action. These can be both intended - those actor believe will result - and unintended. In addition those consequences can be for the self, and/or for others.

When the consequences of an action strategy are as intended, then there is a match between intention and outcome. If the consequences are unintended, and especially counterproductive, there is a mismatch or error. Then typically actor will search for another action strategy that will satisfy the same governing variables. When the new action strategies are used in the service of the same governing variables, it is called *single-loop* learning. (See figure 2.4) There is a change in action but not in the governing variables. Or actor can change the governing variables themselves. The associated action strategy might be to initiate discussion of conflictual issues. In this case they call it *double-loop* learning. (See figure 2.4) *Deutero learning* is learning how to learn: it indicates organizational members' cognitive change as a result of reflecting and inquiring into their previews learning experiences.

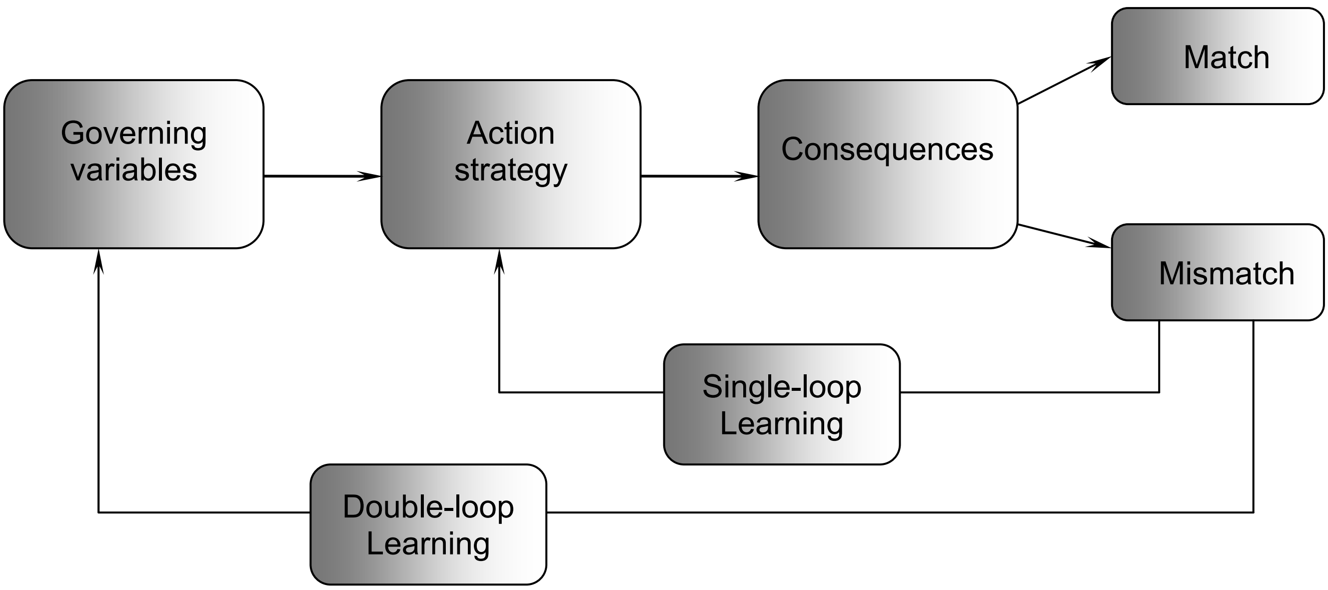

Figure 2.4 Theory-in-Use Model, Single-loop and Double-loop learning
Source: Adjusted from Argyris et al., 1985, p.84

In the context of organizational learning, Argyris and Schön (1978, p.2-3) described the process as:

> When the error detected and corrected permits the organization to carry on its present policies or achieve its presents objectives, then that error-and-correction process is *single-loop* learning. Single-loop learning is like a thermostat that learns when it is too hot or too cold and turns the heat on or off. The thermostat can perform this task because it can receive information (the temperature of the room) and take corrective action. *Double-loop* learning occurs when error is detected and corrected in ways that involve the modification of an organization’s underlying norms, policies and objectives.

2.3.3 Intervention in organizational learning

Argyris and Schön (1974) develop Model I Theory-in-Use that describes features of theories-in-use that inhibit double-loop learning. (see table 2.1) Argyris et al. (1985, p.89) claim that virtually everyone in his studies operates from theories-in-use or values consistent with Model I. The theories-in-use are shaped by an implicit disposition to winning (and to avoid embarrassment). The primary action strategy looks to the unilateral control of the environment and task plus the unilateral protection of self and others. As such Model I leads to often deeply entrenched defensive routines. (Argyris 1990; 1993, cited in Smith, 2001)

Argyris and Schön (1974) build up another model as Model II Theory-in-Use, claiming that action consistent with Model II Theory-in-Use is hypothesized to enhance validity and learning. It provides an image of the theory-in-use that action scientist as interventionist seeks to help clients learn, (Argyris et al., 1985, p.98). In the case of this research, it helps the researcher to design environments favouring learning in the target company as an interventionist or say a consultant.

Table 2.1 Model I Theory-in-Use

Governing Variables	*Action Strategies*	*Consequences for the behavioural world*	*Consequences for Learning*	*Effectiveness*
Define goals and try to achieve them	Design and manage the environment unilaterally	Actor seen defensive	Self-sealing	
Maximize winning and minimize losing	Own and control the task	Defensive interpersonal and group relationship	Single-loop learning	Decreased effectiveness
Minimize generating or expressing negative feelings	Unilaterally protect yourself	Defensive norms	Little testing of theories publicly. Much testing of theories privately.	
Be rational	Unilaterally protect others from being hurt	Little freedom of choice, internal commitment, or risk taking		

Source: Argyris and Schön, 1974

Table 2.2 Model II Theory-in-Use

Governing Variables	*Action Strategies*	*Consequences for behavioural world*	*Consequences for Learning*	*Consequences for Quality of Life*	*Effectiveness*
Valid information	Design situations and environments where participants can be origins and experience high personal causation	Actor experienced as minimally defensive	Disconfirmable processes	Quality of life will be more positive than negative	
Free and informed choice	Task are controlled jointly	Minimally defensive interpersonal relations and group dynamics	Double-loop learning	Effectiveness of problem solving and decision making will be great, especially for difficult problems	Increased long-run effectiveness
Internal commitment to the choice and constant monitoring of its implementation	Protection of self is a joint enterprise and oriented toward growth Bilateral protection of others	Learning-oriented norms	Public testing of theories		

Source: Argyris and Schön, 1974

2.3.4 Processes and players in organizational learning

Organizational learning processes

Huber (1991) outlines four learning-related processes. *Knowledge acquisition* is the process by which knowledge is obtained. *Information distribution* is the process by which information from different sources is shared and thereby leads to new information or understanding. *Information interpretation* is the process by which distributed information is given one or more commonly understood interpretations. *Organizational memory* is the means by which knowledge is stored for future use. The sub processes are also provided to explain the ways organizations acquire, distribute, interpret, and memorise information. (figure 2.5)

Players in Organizational learning

Miner and Mezias (1996) state that we should not simply assume that learning goes on in the heads of individuals, instead, we need to address specifically individual, group, organizational and population level learning. *Individual* can learn new skills, norms and values, or technical information; in addition, individual experience and ambiguity affect the way individuals adapt to experience. *Groups* can learn too. Lant (1992) provided evidence that the groups in her study adjusted aspired levels of performance in a manner consistent with a trial-and-error learning process. Miner and Mezias (1996) also point out that the groups can develop some effective computational skills that are outside the awareness of any of its individual members. *Organization* can learn in forms of problem-driven search, aspiration level interpretations of success and failure, interplant and intraplant learning. *Populations of organizations* learn when entire collections of organizations acquire new types and mixes of organizational routines through shared experience.

The link between individual and organizational learning

Organizational learning is sometimes used as metaphor derived from our understanding of individual learning (Kim, 1993; Dodgson, 1993). Writings on organizational learning either examine how individual learn in organizational contexts or explore ways that theories of individual learning can be applied to organizations, or both. Some claim that an organization learns through the learning of its individual members. For example, Simon (1991) suggests that an organization can be said to be 'learning' either through the learning of its members, or by ingesting new members with knowledge the organization does not already have. What an individual learns in an organization is very much dependent on what is already known to other members of the organization and what kinds of information are present in the organizational environment. An important component of organizational learning is internal learning – that is, transmission of information from one organizational member or group members to another. Therefore, individual learning in organizations is very much a social, not an isolated phenomenon.

Crossan et al. (1999) argue that organizational learning involves learning at three levels: individual, group and organizational. They are linked by social and psychological processes namely, intuiting, interpreting, integrating and institutionalising. They maintain that the three learning levels define the structure through which learning takes place, while the four processes bind the structure together. (Figure 2.6)

Liu (2005) summarises the thinking of how individual learning may be transferred into organizational learning concerns the following aspects: Individual beliefs and actions should lead to organizational action that produced environmental responses, which in turn affects individual beliefs; Organizational learning involves diffusion of knowledge from the individual to the collective. Learning is part of exchanges between individuals within a learning system; Individual learning evolves into organizational learning through an integrating process, in which individual mental models are shared and developed into collective mental models.

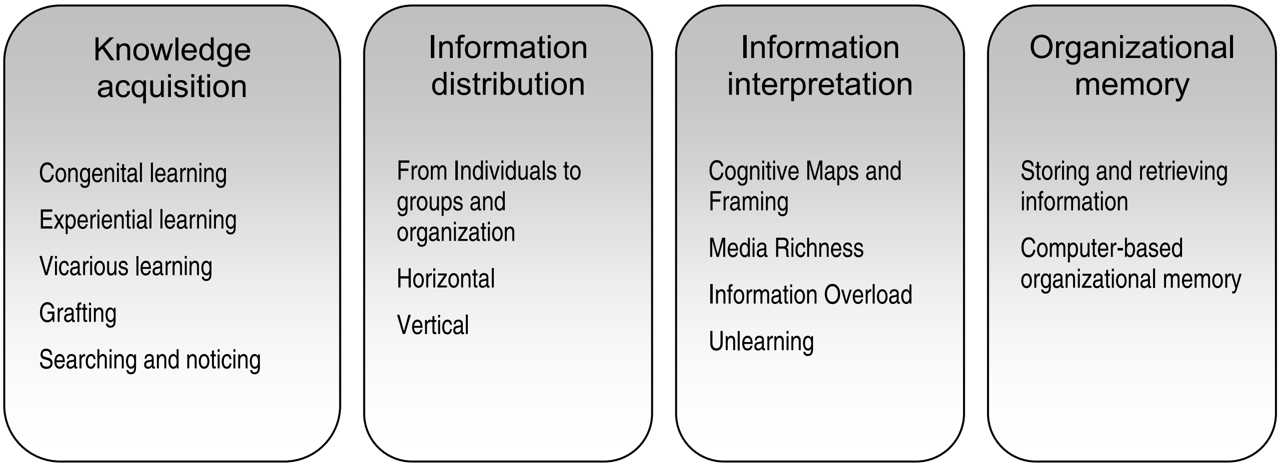

Figure 2.5 Processes and Sub processes Associated with Organizational Learning
Source: Adjusted from Huber, 1991

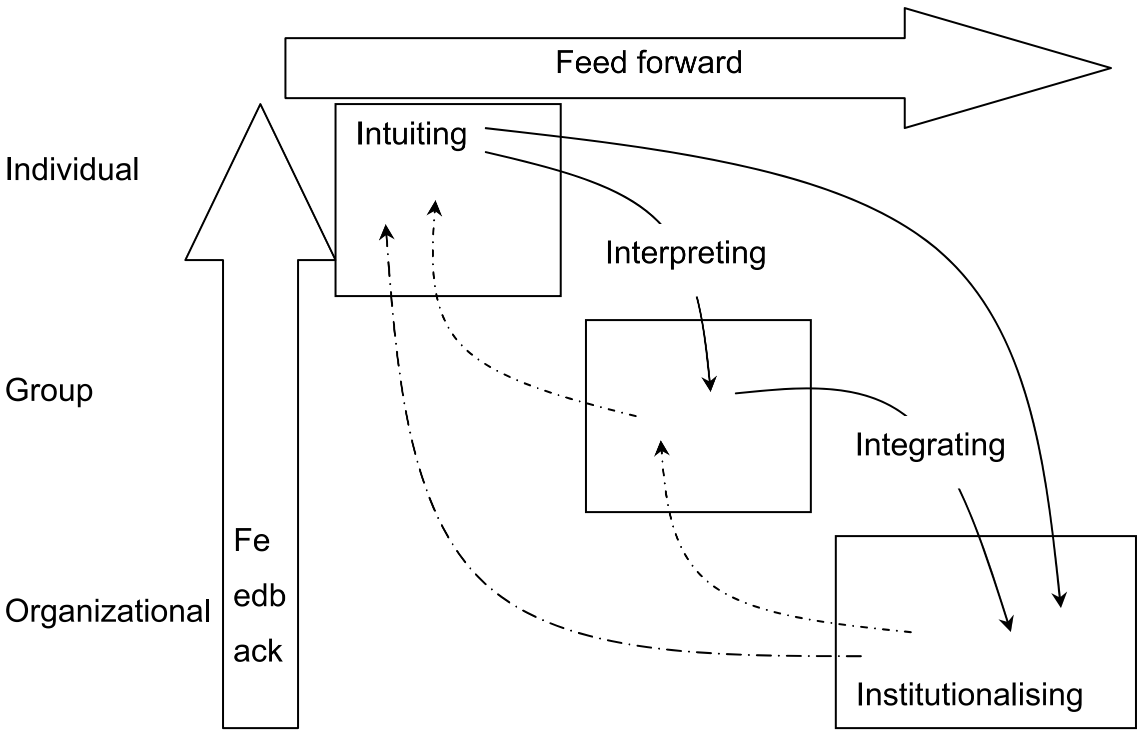

Figure 2.6 Organizational Learning As a Dynamic Process

Source: Crossan et al. (1999)

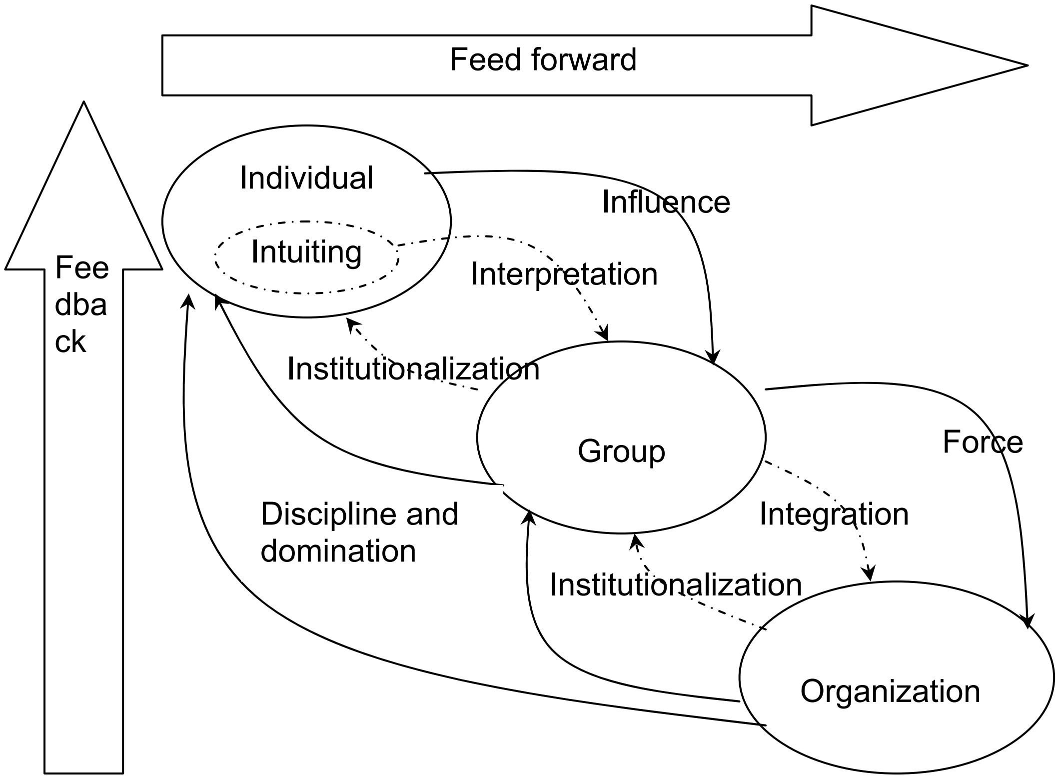

Figure 2.7 The Political Process of Organizational Learning

Source: Lawence et al. (2005)

Lawrence et al. (2005) criticise that the model developed by Crossan et al. (1999) tends to focus on learning as a principally social psychological phenomenon, with less attention to its political dynamics. They highlight that it is useful to look at the role of power and politics in the processes through which the ideas of individuals are transformed into organizational situations. (Figure 2.7)

2.4 The research question

As stated in chapter 1, the research objective is to explore the process of initiating CSR organizational learning and to analyse the micro-level dynamics underlying CSR organizational learning, specifically, to offer new theoretical insights into (1) the processes that lead to adoption of CSR, (2) the various drivers and challenges of organizational learning of CSR at firm level, (3) the gap and dynamic between behaviour, theory-in-use, and espoused theory in terms of

CSR, and (4) the contribution of consulting to intervene CSR organizational learning.

The main research question is: *How firms make sense of their CSR initiatives towards different stakeholders?* This rather broad research question can be unpacked for meaning in order to define and narrow the scop of the study. To achieve this, it is broken down into three sub questions that can be reasonably answered in this research. First, the *how* of the broad question can refer, one the one hand, to what the firm says, thinks, and tends to act about CSR. On the other hand, the *how* can be also understood as the evolution of sensemaking along with development of the firm or after intervened by consultants.

- *SQ1:* Which dimensions in the cognitive, linguistic and conative processes that the firm presents to make sense of their CSR initiatives before and after the intervention?
- *SQ2:* What types of learning that facilitated by an external consultant can be identified associated with intervention?

Chapter 3

Methodology

I developed this methodology based on four complementary disciplines: participatory action research, organizational learning, corporate social responsibility, and consultancy. Very little literature examining the four disciplines together exists. A participatory action research approach, combining organizational learning methods and principles, applied to CSR consultancy processes, suggests synergistic possibilities. The overall design for this research is a mixed methodology.

Since the process-based CSR, organizational learning, and consultancy are visited in chapter 2. This chapter aims to focus on describing and evaluating the use of participatory action research– strategy and plan of actions that links research questions with outcomes (Patton, 1987) and methods –techniques and procedures of the research. It explains the reasons of choosing particular methods and design of data collection, selection and analysis.

3.1 Participatory Action Research

3.1.1 Action Research

To a large extent, research in business and the social sciences is based on theoretical constructs about existing organizations, phenomena, or behavior, followed by tests of hypotheses derived from these constructs. The goal usually is to describe or explain the organizations, phenomena, or behavior being studied and/or to generalize the findings to future organizations, phenomena, or behavior. Conversely, the goal of action research (AR) is to effect a desirable change within a specific social setting—one in which the researcher is an active participant. AR can be regarded as a 'marriage between ' Theory ' and ' Praxis ', , requiring collaboration between researchers and practitioners'. (Afify, 2008) It is a value-driven, cyclical, and transformative process that uses intervention in a setting, based on observation and theoretical constructs, to alleviate an observed problem or to increase the effectiveness of a practice in the setting. (Cunningham, 2008)

Argyris and Schön (1991) define action research as following:

> Action research takes its cues – its questions, puzzles, and problems – from the perceptions of practitioners within particular, local practice context. It bound episodes of research according to the boundaries of the local context. It builds descriptions and theories within the practice context itself, and tests them through intervention experiments – that is, through experiments that bear the double burden of testing hypotheses and effecting some desirable change in the situation. (p86)

Many researchers have contributed in advancing useful definitions of action research; Carr and Kemmis' (1996) definition is a good example of these:

> Action research is a form of self-reflective enquiry undertaken by participants… in social situations in order to improve the rationality and justice of (a) their own social or educational practices, (b) their understanding of these practices, and (c) the situations (and institutions) in which these practices are carried out. (p71)

Schmuck (1997) maintained that it is 'planned inquiry - a deliberate search for truth, information, or knowledge, It consists of both self-reflective inquiry, which is internal and subjective, and inquiry-oriented practice, which is external and data based' (p.28), He believed that it is practical, participative, empowering, interpretive, tentative, and critical. Sagar (1992, cited in Betit, 2004) provided an interesting way to differentiate action and "scientific" research; he suggested that scientific research is 'very much like investigative journalists. They look at what others are doing and should be doing. Action researchers, they look at what they themselves are doing and should be doing.' (p.7)

Action research is appropriate in any context when 'specific knowledge is required for a specific problem in specific situation, or when a new approach is to be grafted on to a existing system'. (Cohen and Manion, 1994, p194, cited in Bell, 1999, p.10) It is a form of engagement with organisational participants that leads to change allowing the researchers to observe the change process. (Adams and McNicholas, 2007)

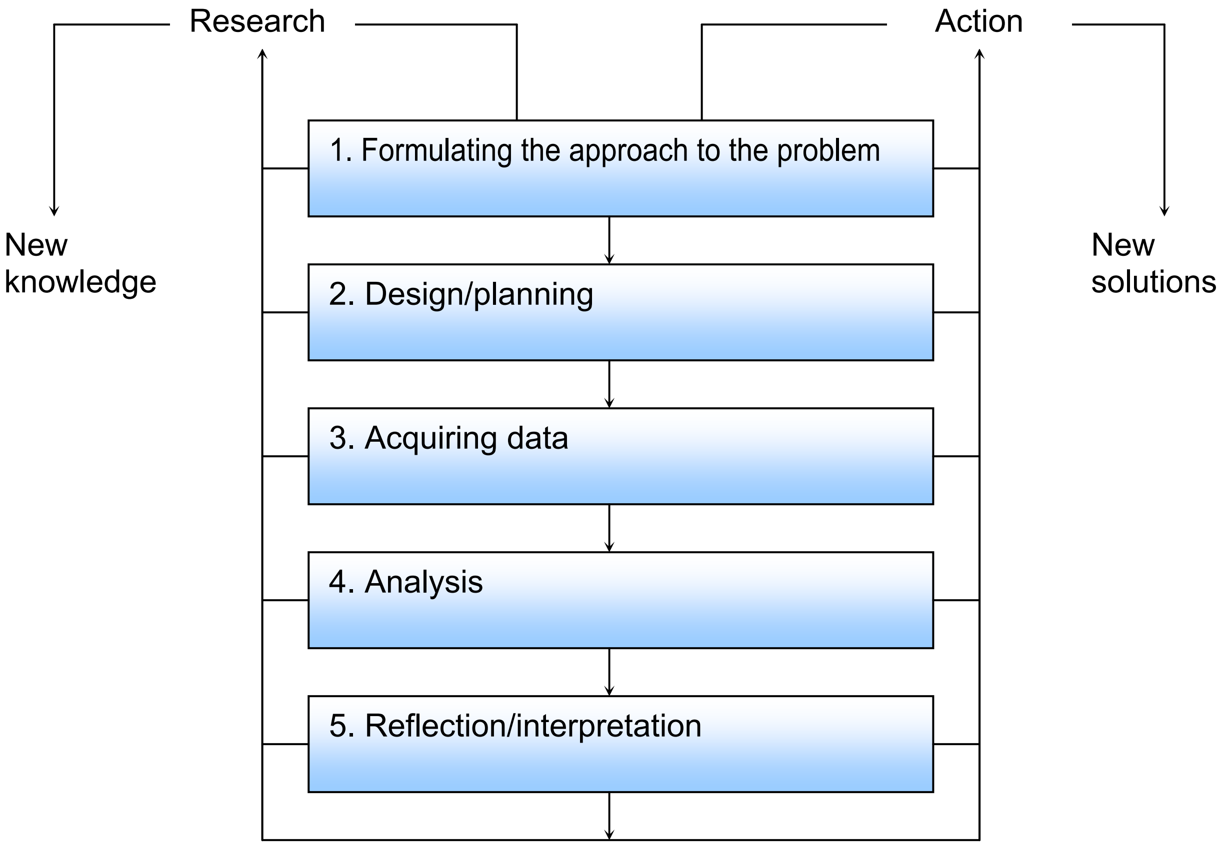

Figure 3.1 Steps in an Action Research

Source: Karlsen (1991, p.150)

3.1.2 Participatory action research

What is participatory action research?

PAR grew out of social and educational research, originating from research on oppressed peoples and social change in developing countries. PAR aims to make accessible to the research subjects the recognition of knowledge as an instrument of power, domination and control. The fundamental difference between PAR and action research emerges from the level of involvement of the research subjects in the research process. (Breu and Hemingway, 2005) PAR implies greater participation and collaboration than classical action research does.

Participatory action research (PAR) is a form of action research that involves practitioners as both subjects and co-researchers (Argyris and Schön, 1991, p86). According to PAR is a powerful strategy to advance science knowledge and achieve practical objectives (Whyte, 1991, p.7) and to integrate experience, action, and reflection (Reason, 1994). PAR involves 'practitioners in the research process from the initial design of the project through data gathering and analysis to final conclusions and actions arising out of the research.' PAR is a method of research where creating a positive social change is the predominant driving force. Participatory action research is also defined as "collective, self-reflective enquiry undertaken by participants in social situations in order improve the rationality and justice of their own social...practices" (Kemmis and McTaggart, 1988, p.5)

PAR exists today as one of the few research methods, which embraces principles of participation and reflection, and empowerment and emancipation of groups seeking to improve their social situation. (Seymour-Rolls and Hughes, 1995)

Qualitative nature of this research

Flick's work *An Introduction to Qualitative Research* (2006, p.12) begins to address the question ‘Why qualitative research’ with the limits of quantitative research as a starting point. He indicates that the quantitative research largely eliminates the subjective views of the researchers as well as those of the individuals under study; the results have low degree of applicability – in order to fulfil methodological standards, their investigation and findings often remain too far removed from everyday questions and problems. Lundy (1996) also points out that basic problems in quantitative research can be the availability and reliability of the data, and the problem of determining causality, and to what extend the situation can be explained by the quantitative model.

The nature of participatory action learning implies the application of qualitative methods and data. For instance, the invisible change in staff’ attitude to CSR issues and to the consultant causes the unavailability problem of quantitative data but might be detected by using qualitative methods. For another instance, the complex interactions – between clients and consultants, or among staff – are difficult to model and measure as well. As you may be aware, this research practice is a pilot for the researcher, which I have never done this before. Conger (1998) argues that qualitative researches can be the richest of studies, often illuminating in radically new ways phenomena…They are responsible for paradigm shifts, insights into the role of context, and longitudinal perspectives that other methods often fall to capture.

Advantages of participatory action research

As Rapoport (1970, cited in Elden and Levin, 1991) point out the strategy of action research leads to several dilemmas. The most relevant here are the dilemmas of AR’s ‘goals’ and ‘initiative’, which are also discussed in Argyris and Schön (1991, p.85). The first revolves around the choice between scientific rigors versus practical problem-solving relevance. The second deals with the problem of who takes the initiative to bring forth the problem. Involvement of the participant from the research situation in the action research process moderates both these dilemmas. (cited in Elden and Levin, 1991)

It is now conventional wisdom that broader participation can lead to stronger consensus for change and sounder models because models arrived at through broader participation are likely to integrate the interests of more stakeholder groups. (Walton and Gaffney, 1991, p.125) Additionally, participatory action research not only incorporates the collective knowledge of the community, it empowers the community, and it gives the community ownership of the research and its results, and increases the likelihood that results will be actively applied. Participation also promotes continual adjustment and reinvention because there is greater overlap in the populations involved in the planning, execution, experience, evaluation, and modification of the organizational innovations.

3.1.3 Role of the researcher in this research

During the period of two months research, in order to observe the processes of organizational learning within a corporation, I choose to conduct my research by actively participating in the consulting process in the client company. I am a *Research designer* having the main responsibility for designing the research methodology, applying it, and interpreting my research data. I am one of the *Subjects* of the research; my changes in attitude, feeling, knowledge, and behaviour are all in the scop of the research. I am also a *Practitioner,* a non-paid *CSR consultant* in this situation, not merely to describe the course of events since I wish to influence their course. Based on my knowledge of CSR and the comprehensive research of the company -- the outsider researcher's technical expertise and abstract general knowledge, I have a sense of what strategies might be doable and effective for the company and sometimes voiced them. I discuss these strategies with the management, get their approval, and then do it with my team including two of the vice presidents and one assistant they appointed at my request.

3.2 Case study

Case study is used in many situations to contribute to the knowledge of individual, group, organizational, social, political, and related phenomena. The three conditions of deciding qualitative research strategies are presented as 1) the type of research questions, 2) the control an investigator has over actual behavioural events, and 3) the focus on contemporary as opposed to historical phenomena by Yin (2003, p.1). If the type of research questions is typically like "how" or "why", investigator has a little or no possibility to control the events, and general circumstances of the phenomenon to be studied are contemporary phenomenon in a real-life context, case study will be an appropriate strategy Yin (2003, p.2). Hence, the dissertation tends to employ case study on a single specific corporation in order to understand the complex dynamics of adopting CSR within organization.

3.3 Selection and access to the Powealth Group

Search for collaborate companies in real estate industry started in April 2008. With the help of several friends in China, one state-own company granted me access. I tend to choose real estate in Beijing, China as the case subject for the following reasons:

1) Its Industry nature: the real estate industry is characterized of rapid development, large size, long-term impact upon society and environment.

2) Various stakeholders and issues associated are seen during the project process (see figure 3.2). Based on the above two reasons, it might be interesting to study the CSR sensemaking in the real estate development industry.

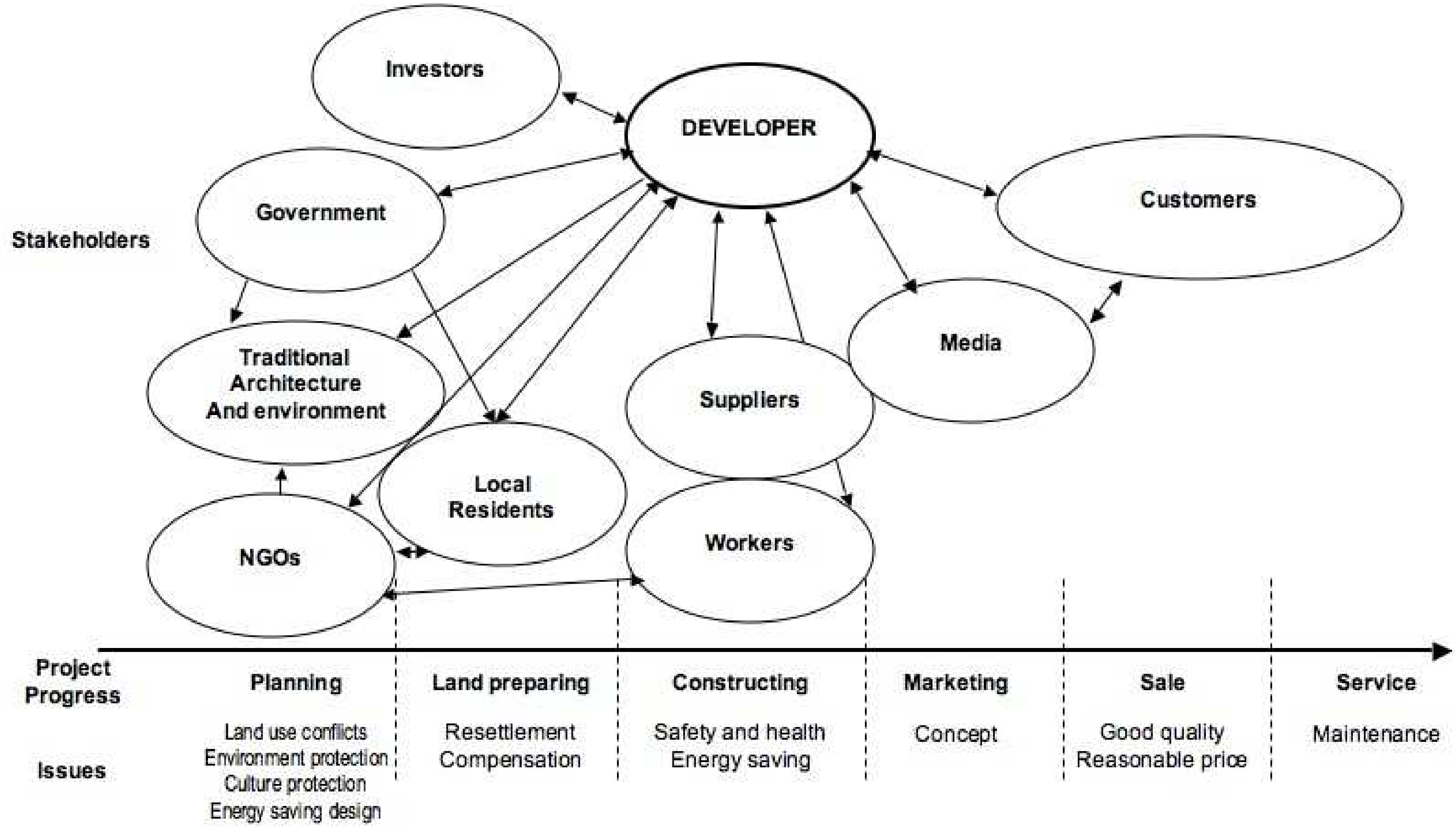

Figure 3.2
Stakeholders and Issues for a Real Estate Developer

3) According to some survey, the awareness of CSR is quite low in the industry, most of the managers never hear about CSR, and only a few of them have ever thought about that. In addition, the collective name of the industry is blamed for provide low quality products, store land resource, and so on. Hence, it provides an opportunity to see the process of the beginning stage rather than a mature one.

Unfortunately, after I went back to Beijing in June 2008, the state-own company turned down my request for some unforeseeable reasons. So I had to re-start searching of collaborate companies. I sent emails to some managers I met before and I also asked some friends to search for me. After one week of waiting, the vice president of a group company headquartered in Beijing finally agreed to see me. The company, Powealth International Holdings Group, has a real estate subsidiary, which means it has even richer context than the pure real estate corporation. After the chat with the VP and Chair, they provided me a more active role as an external CSR consultant, which indicates a more favourable situation for my research plan of exploring the process of initiating CSR organizational learning and to analyse the micro-level dynamics underlying CSR organizational learning.

3.4 Data collection

Data was collected in the following six ways. There are:

3.4.1 Open-ended interviews

Some data is gathered via interviews, the most widespread tool and one of the most important sources (Yin, 2003, p89). This study, seeks explanation and description to the change of both management in the company and of the consultant by emphasising on depth and complexity, instead of superficially deal with them (Mason, 2002). Interviews, according to Kvale (1983, cited in King, 2004), assist in gathering descriptions of phenomena from the interviewee's perspective, and thus contribute in understanding how they came to have this perspective. Interviews are open-ended and semi-structured in order to avoid the limitations of the structured model, and appear to be guided conversations rather than structured queries. (Yin, 2003, p89) So I need to pursue a consistent line of inquiry, but to keep the actual stream of questions fluid rather than rigid. I follow the instructions provided by Yin (2003, p90) to ask the interviewees about the facts of a matter as well as their opinions about events, sometimes ask them to propose their his or her own insights into certain occurrences and use such propositions as the basis for further inquiry. I conduct two interviews with my initial contact VP, 2 hours in length, and one with the chair of the company, about 30 minutes.

3.4.2 Focus group

One of the interviews lasting about 1 hour is in a group of six board directors as participants and me as a moderator, before the training workshop. Another focus group is in the preparation of the CSR reporting, after the training workshop. The purpose of focus groups to use the social dynamics of the group, with the help of a moderator, to stimulate participants to reveal underlying opinions, attitudes, and reasons for their behaviour. (Bell, 1999) Participants usually share a common characteristic such as age, sex, or socio-economic status that defines them as a member of a target subgroup. In cases of group interviews there exists the chance to simultaneously collect different accounts on a given issue, fact that makes similarities and differences noticeable (Steyaert, and Bouwen 2004, p.143). My role as a moderator, is to facilitate the discussion not just by asking the questions in turns (Wilkinson, 2003, p.179), thought they prefer to response in turns, but encouraging participants to interact in a natural way that generated rich data.

3.4.3 Participatory training workshop

A four hours participatory training workshop is employed as a main activity to collect information from the 40 middle level managers in the company. Two stenographers are hired to record the speeches on the site. A photographer is also there to take pictures of the activities. Methods used in Participatory Training include group discussion, case study, role-playing, mapping, debate, ranking, scoring, mini-lecture and other games, exercises and activities according to the training content.

Participatory approach and principles

Participatory Approach, as a methodology to work, is applied in many international developing programmes in terms of planning and implementation. It is also a preferred way of training, teaching and discussing, with a reflection-analysis-action process to facilitate participants' learning of new knowledge, skills and also their change in attitude. (Translated from Ling, 2007)

Participatory Training Principles:

- *Empowerment* — Empowerment is prioritized on top of participatory training, which means empowering the participants to participate all-around in every stage and aspect. Participatory training is participant-centred and directed by the specific needs of the participants. The participation of participants determines content, duration and methods of training. (Translated from Ling, 2007)
- *Diversity* – Respect and value every individual's experience and opinion. Make sure everyone's voice is heard.
- *Sharing* – Experiential learning is important and relies heavily on the past experiences of participants. This entails a systematic sharing of participants' knowledge, skills, experience and feelings, analysed collectively by the participants and the facilitators (Shrivastava, 1989).
- *Participants:* Includes all who take part in workshops, training courses and classes, whether as colleagues, co-learners, clients, members or students. (Chambers, 2002, p.viiii)

- *Facilitators:* Used to embrace all, whether they are called facilitators, trainers, faculty, lecturers or teachers, who facilitate, train, teach or co-learn, whether this is through workshops, training courses or classes. (Chambers, 2002, p.x)

Features of Participatory Training: Differences from lecturing

Participatory training is designed quite differently from lecturing. Mtshali (1999) asserts that the didactic approach as in lecturing tends to impose knowledge, meaning and values on trainees, while Participatory training on the other hand is experiential. Some methods, such as case study, role-playing and games are employed to put participants into virtual scenario. Participatory training also provides an opportunity to transfer learning to real-life situations. The participants could identify problems in real life that they would like to solve. They could plan solutions and identify new insights during the last phase of the training programme. (Shrivastava, 1989)

The role of trainer here is to facilitate learning. Five lessons derived from Chambers' experience as a facilitator (2002, p.viii): to ration nervous energy, to cultivate stamina, to hand over the stick, to be optimally unprepared and to develop a repertoire, from the 3rd and 4th of which we can infer that the facilitator should not dominate the training and should give room for participants' engagement. Chambers (2002, p.159) emphasizes that lecturing should be avoided in participatory training. Differences exist not only in the facilitator's side, but also in the participants' side. Most participants are adults and they learn in different ways, at different rates, and from different experiences. They are required and empowered to participate in the training, which is different from what they are expected in lecturing: listening most of the time. The facilitator-participant relationship is equal and interactive.

3.4.4 Participant-observation

It is a special mode of observation in which the researcher is not merely a passive observer. Instead, the researcher's roles can vary and may participate in events being studied. Participant-observation provides certain unusual opportunities for collecting data. The most distinctive opportunity is related to your ability to gain access to events or groups that are otherwise inaccessible to scientific investigation. In other words, for some topics, there may be no other way of collecting evidence than through participant-observation. Another distinctive opportunity is the ability to perceive reality from the viewpoint of someone 'inside' the case rather than external to it. (Yin, 2003, p.94) And other opportunities arise because the researcher has the ability to manipulate minor events, in this case even to plan major activities such as training and CSR reporting. The manipulation can produce a greater variety of situations for the purposes of collecting data.

3.4.5 Documentation

Documentary information is quite important for me to reconstruct the past and current CSR related activities of the company. It is an importance source of data for the CSR report as well. There are several types of documentation: mainly internal monthly newspapers from year 2003 to 2006, fortnightly internal and customer-oriented magazines from year 2006 to 2008, some reports of events, and some articles from mass media. Since a lot of information collected in the training workshop and interviews was fragments of phrases and rough names without accurate and detailed description, first, these documents are helpful in verifying the correct spellings and titles or names of organizations that might have been mentioned. Second, documents can provide other specific details to corroborate information from other sources. Third, I can make inferences from documents, for example, by observing overwhelming content in the newspaper and magazines is various support for employees, I find that the company is committed to providing employees room and opportunities to grow.

However, I should treat inferences only as clues worthy of further investigation rather than as definitive findings because the inferences could later turn out to be false leads according to Yin (2003, p.87).

3.4.6 Other secondary data

The secondary data are collected mainly from journals, books, and websites. The online database of academic journals is the main source of the literature for its convenience in searching and screening. The data are used mostly in the background of the research and literature review.

3.5 Data analysis

From section 2.4, the sub research questions are:

- *SQ1:* Which dimension in the *cognitive, linguistic and conative processes* that the firm presents to make sense of their CSR initiatives before and after the intervention?
- *SQ2:* What types of learning that facilitated by an external consultant can be identified associated with intervention?

Hence, data analysis is focus on the before and after differences at three aspects, i.e. cognitive, linguistic, and behavioural/conative. The difference from one period to another will be interpreted as the learning outcomes. I develop a matrix as show in table3.1 to outline the findings of changes. Horizontally, columns represent the general issues and four different sets of stakeholders: customers, suppliers and competitors in marketplace, employees in workplace, community members, and the environment. Vertically, rows correspond to the time slots: before, during, and after my intervention. And each row gives separate room for the data regarding three processes in sensemaking: cognitive, linguistic, and behavioural/conative. Therefore, the matrix will help to deconstruct the myth into '*different processes to different stakeholders at a particular time slot*' in each one of the cells, for instance, the cell with '***' represents what the firm thinks about its relations with the stakeholders in marketplace before my intervention. Usually no single method can provide answers to all the cells. On the other hand, many of the cells will have been addressed by more than one method, each of which examines the question from a different viewpoint. Especially when I use multiple data collection methods, it becomes more difficult to sort out the data. The data is analysed in the following procedures:

1. Screen out the CSR related data from the mass information about the firm.
2. Summarise them into items, one idea one sentence.
3. Gather together all the data that are relevant to each column, i.e. according to related stakeholders.
4. Within the column, gather together all the data that are relevant to different time slot.
5. Then in the time slot, identify if the data is about cognitive, linguistic, or conative, sort it into individual cell.
6. The lists of data items in each cell will then be used to develop a unified answer as *different processes to different stakeholders at a particular time*.
7. Compare the data in the cells of *different processes to different stakeholders, e.g. the cell filled with (1)(2)(3), the difference will show the change* from one period to another as the learning outcome of organizational learning.
8. Factors that found facilitating or impeding the learning process and other issues worth noticed are marked out for further discussion.

Table 3.1 Data Analysis Matrix

		General	Marketplace	Workplace	Community	Environment
Before	Cognitive		****	(1)		
	Linguistic					
	Behavioural					
During	Cognitive			(2)		
	Linguistic					
	Behavioural					
After	Cognitive			(3)		
	Linguistic					
	Conative					

3.6 Empirical validation of findings

Under the spirit of participation, the findings validation is organized in a participatory way, like a mini participatory workshop through Internet conference, hosted by the researcher with the main participants, in which the data from every party is shared and discussed. Some of the techniques used in the participatory training are employed to facilitate the process.

Schwandt (1997, p135) defines reflexivity as having two aspects: The first is the fact that the inquirer is part of the setting, context, and social phenomenon being studied; and the second is "[a] process of self reflection of one's biases, theoretical predispositions, preferences and so forth. … Fieldworkers are often encouraged to record and explore these evolving dispositions in personal notes in their field journals". As to the research teamwork, the collaboration should be also included in the reflection: the actual benefits and drawbacks.

Table 3.2 Gant chart of consultancy process and activities

Consultancy Process	Activities	Week 1		2		3	4	5	…
		A	B	A	B				
Entry	Interviews								
Diagnosis and Action plan	Focus group 1								
Implementation	Preparing								
	Training								
	Focus group 2								
	Reporting								
Evaluation	Reflection								
Termination	Feedback								

Chapter 4

Data Analysis and Findings

Following the methodology described in the previous chapter, it was possible to establish several trends in the collected data. In this chapter, findings are presented in the order of my process of intervention. And a comparison is made between the company's CSR status before and after my intervention. Wherever possible, direct quotes were included to support assertions.

4.1 Background of the developer

Powealth International Holding Group is one of the China's leading providers of leisure services serving customers in Beijing, Shanghai, … Its principal sectors include catering, baths, hospitality, real estate, department store, advertising, decoration, logistics and golf court. (see figure 4.1) Powealth head offices are based in Beijing, including administration, development and support functions. Founded in 2000, Powealth was just a Korean roast restaurant of 600 m^2 with 30 employees. Powealth is now the market leader for catering and baths, and it is widely acknowledged as being at the forefront of industries, providing high quality Korean roast food, Korean style bath, and other kinds of international leisure activities, such as golf and equestrianism. The total complement of staff employed by Powealth is 12369. Around 26000 customers in Beijing currently go to Powealth each day.

Powealth believes that *Collaboration, Faith, Accountability* will lead to win-win situation. Their strategy, on the one hand, is to enhance their influence in catering and baths in Beijing and around China; on the other hand, is to make effort in distinguishing themselves in hospitality, real estate, and other related industries.

The largest shareholders run the company and it has a centralized power distribution but organic structure. The directors meet twice a month to discuss important issues of the company. With regard to CSR initiating and implementing, it has strength of high efficiency in decision-making of wether to do it or not, and it also has inadequacies in terms of gathering information and implementing a more integrated CSR approach. It has no special CSR department. The Chairman's sister, another director, is in charge of philanthropy activities. The company had less well-articulated learning roles, no framework to assess stakeholder interests and influences.

4.2 Powealth's CSR sensemaking before intervention

There is a growing concern with environmental and social responsibility in foreign as well as some domestic companies in China. But the Powealth has only a vague concept of CSR, some of the top managers thought that CSR was only about donation, or in other word philanthropy. There are no well-articulated and systematic documents recording related principles and initiatives, not to mention CSR reporting. However, they have done a lot of things that can be classified into certain area of CSR. In the participatory training workshop, which I will introduce later, an informal CSR self-assessment was conducted in order to understand the current situation of Powealth in terms of CSR. According to the framework I gave them, Middle managers together with the top managers provided much information of what they had done since founded.

Values and ethics: Collaboration, Faith, Accountability is highly appreciated by the founders; the employees are the most valuable wealth of the company; the company is always ready to help others in need.

Marketplace: They provide products and services of high quality to meet the customers' needs; they run regularly check on food safety and fire-fighting equipments to make sure providing safe food and environment for

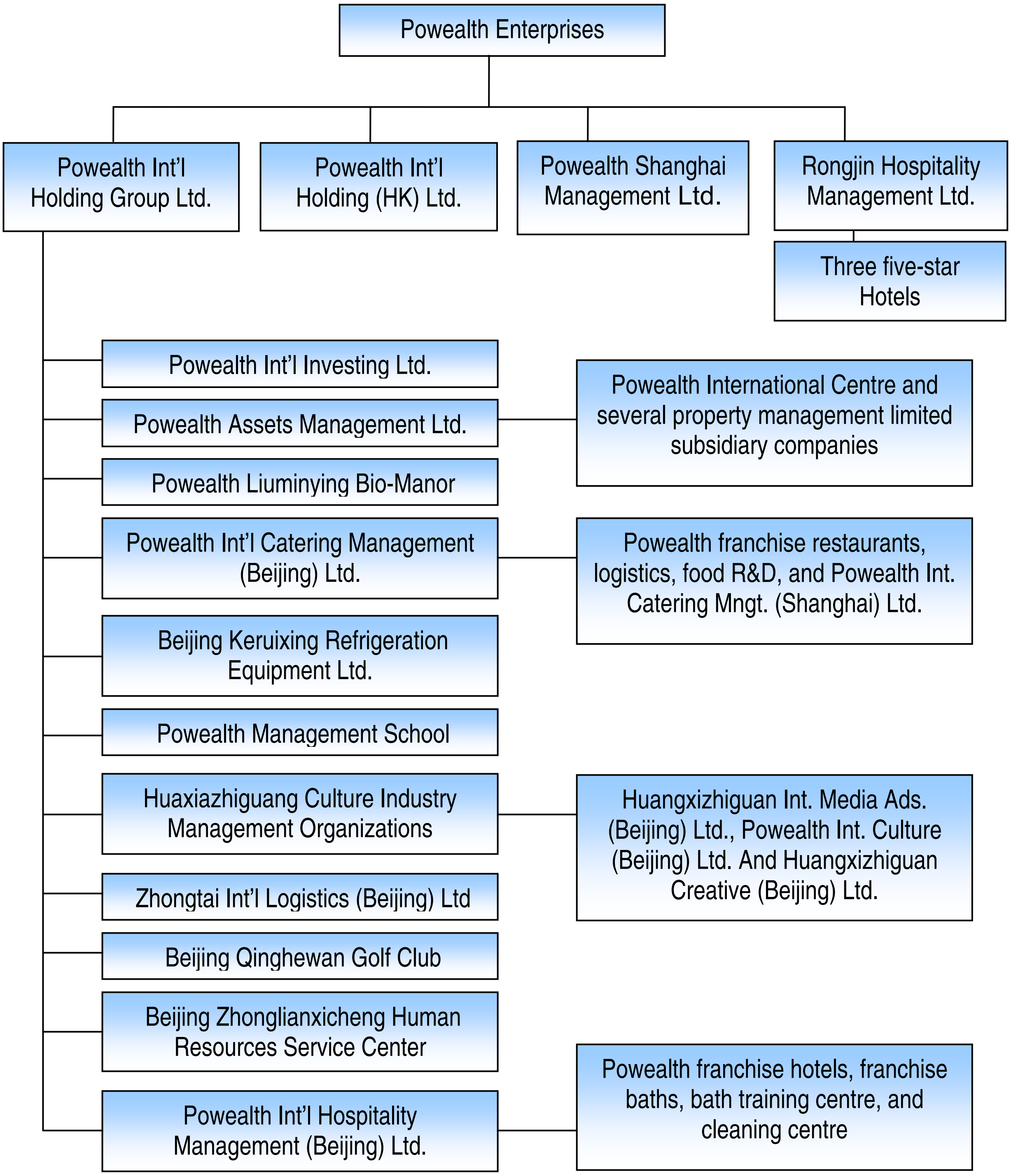

Figure 4.1
Organization Structure of Powealth Enterprises

both the customers and employees; they make profit out of operation which is exacted as income tax to local government, contributing to the government revenue; they provide about 13000 jobs, which releases the employment stress of local community and raises the income level and living standard.

Workplace: They respect employees' rights to union, safety, and health; they see employees as the most essential and valuable wealth of the company, and provide them with stable job and chance to grow; because most of the employees are migrant labours in Beijing from less developed regions with less education and far from homeland, the company make huge effort in providing them with convenient accommodation, training and even set up scholarship for further education in universities; there is also spacious room for internal promotion.

Community: They actively get involved in charity donation, helping disabled, sponsoring primary education and the like. As part of their philanthropy strategy, in 2008, Powealth announced of setting up a 5 Million Loving Heart Foundation Scheme each year, to help staff and others in need.

Environment: Water saving is part of their daily routine in food and bath industry, as they have a strong sense of water saving and recycling. They use water saving products in their franchise baths, and they also market those environmental friendly products to other operators in the same industry. Every franchise bath and restaurant is required to use energy saving bulbs and have strict rules of when to turn on the lights. Smokeless charcoal is used in every roast restaurant, which makes a healthier dinning environment for the customers as well as meets the emission standards. When customer orders, the waiter or waitress gives them suggestions on thrift menu that will not be wasted.

Table 4.1 Powealth's CSR sensemaking before intervention

		General	Marketplace	Workplace	Community	Environment
Cognitive	Identity orientation	Mixed	Individualism: profit maximization, leader in the industry	Relational: committed to employees	Collectivistic: a good neighbour	Individualism: saving cost for self interests
	Legitimacy	Pragmatic and Moral	Pragmatic: provide good and service with high quality, emphasis rewards	Moral: support employees and provide stable jobs	Moral: always ready to help people in need	Pragmatic: ability to save energy and water
Linguistic	Justification	Economic and Ethical	Economic: highlight tax paid, jobs created	Ethical: improve employees' wellbeing in order to contribute to the harmonious society Economic: provide training for higher effectiveness	Ethical: help and pay back Economic: donation amount and charities supported	Economic: highlight tangible contribution Ethical: raise the awareness of saving among employees and customers
	Transparency	Biased: only publish positive news and facts	Biased	Biased	Biased	Biased
Conative	Posture	Defensive: accept no feedback from others, presume it is always right	Defensive	Defensive	Defensive	Defensive
	Consistency	Strategically mixed Internally inconsistent: managers see the entire range of CSR activities irrelevant	Strategically consistent	Strategically consistent	Strategically inconsistent: no preparation to guide its selection	Strategically consistent: promote the use of water saving products in industry to achieve industry-wide leadership
	Commitment	Mix of Instrumental and Normative	Mix of Instrumental and Normative	Normative	Mix of Instrumental and Normative	Normative

Derive from field and Powealth CSR report 2008.

4.3 My intervention processes

My intervention processes can be divided into the following phases:

Phase 1 – initiate contacts with the vice president and Chair of the company: introduce the concept of CSR and offer consultancy service.

Phase 2 – following up focus group with 6 board members: introduce the concept of CSR and diagnose CSR in Powealth with them, develop action plan of training and reporting.

Phase 3 – CSR training workshop for 40 managers: introduce the concept and practice of CSR, facilitate the reflection of its past CSR initiatives, mapping out stakeholders, and formally launch the reporting plan.

Phase 4 – facilitating CSR reporting.

Phase 5 – continuing support as external CSR consultant.

4.3.1 Initiate contacts with Powealth's vice president

Entry is the initial phase in any consulting process and assignment. During entry, I was introduced by the VP's close friend to meet her. Before I went to see her, I listed the interview questions in my notebook. The structure and content of the semi-structured open-ended interview was designed beforehand so as to learn as much as possible about the company. (see appendix 1)

In the beginning of the conversation, she was really interested in my MA CSR course, so I expanded a lot of what we learn in the course, emphasizing the cutting edge feature of the course. I also gave her a copy of my CV attached with my research plan. This self-introduction gave her a very professional impression and became the reason to bring me in according what she told me later. The values and CSR related initiatives of the company are presented in 4.2. The most meaningful result was achieved in our discussion about the CSR plan in the future. She said, 'I know it's good to have a CSR strategy, but actually, we do not have an agenda of CSR formally, we just do random things driven by intuition' and asked me if I knew what to do. I suggested we could have some group discussion with other managers to see if they were interested in CSR and CSR reporting. At the end, she asked me to send her a detailed research plan including what to do and what kind of resources I needed, which indicated my possible access.

In the second meeting, the atmosphere was much more casual, she reviewed my research plan and approved it (indeed, the plan was changing alongside with my meeting with different people in the company). However, she said it was the chairman's decision to make on this plan and she would introduce me to him. Then she gave me some advices on CV presentation and what to say in front of the Chair to make this plan happed. Finally, we came to an agreement that I would do it for free in order to remove the financial obstacle, which meant that they would consider that I was helping them rather than being hired. The change of their attitude would partially weaken the managers' resistance.

4.3.2 Meeting with Powealth's chair

Next day, the VP called and told me that the chairman was ready to see me. Since the VP had already introduced me before we met, the conversation started directly, after he thanked me for helping, he asked me from my perspective, what more could they do to become a leader in CSR in the industry? I proposed a plan of CSR reporting, which would make them to be the first in the Chinese catering and hospitality service industry to publish CSR report. He continued with questions about what would be the business case of CSR reporting. Accordingly, I argued from reputation management, risk management, employee maintenance, government relations, accountability to the investors and shareholders etc. And I also explained that because we were the first time to compile CSR report and with the limitation of my research timeframe, the report might not be as sophisticated as those of the MNCs. He stated that the company's success in the past 8 years were own to two kinds of reasons, which were, first, the internal capability of the company and second, the support from other actors in the society, he saw

CSR as a right thing to pursue and he was convinced that dealing with the right consultant to start addressing this problem. He said that when the board of directors and top management or owners did not have a snapshot of how far the firm was down the CSR road, it was unlikely they would be able to make informed decisions about moving ahead. Hence, he suggested that this should go to the board meeting and asked me to prepare a 40 minutes speech at the board meeting about the development of CSR both internationally and domestically, the foundation of the Powealth to report (indicating they had done something nice to report in the past), and the benefits of reporting.

4.3.3 Focus group with Powealth's board of directors

Since I would have 40 minutes with the six directors, I decided to have a focus group to involve more interactions with them in order to see the social dynamics and gather more data from them. My short speech of CSR was in between two sections of the board meeting. The problem was that most of my knowledge of CSR was in academic English, so I had to simplify the theory and translate it into managerial Chinese in order to communicate with Chinese managers. I made some PPT slices and handouts to present my plan to them. (see appendix 2 for the detailed content of the speech) The speech included basic concepts and debate of CSR and stakeholder theory, and the business case of CSR report and my plan to facilitate the compiling of the report, based on the assumption that managers cared about business. After that I asked them if I had presented myself clear, and invited them to provide their own insights of CSR and CSR reporting. In general, they perceived it a good chance to educate managers of this emerging managerial issue in China and found it as a promptly responsive event before them to be listed in the stock market. They mentioned some CSR related initiatives in the past, which they were proud of and wanted them to be included in the report. They also pointed out that the lack of CSR awareness at management level and lack of skilled staff to organize reporting were the obvious obstacles for this plan. At the end of the discussion, one of them suggested to hold a CSR training workshop for middle managers in the following week, and asked if I could do it and I agreed. Lastly, the VP I contacted in the first place offered to work with me and send me an assistant to prepare the training and reporting. The interaction of this 40 minutes focus group discussion is illustrated in figure 4.2.

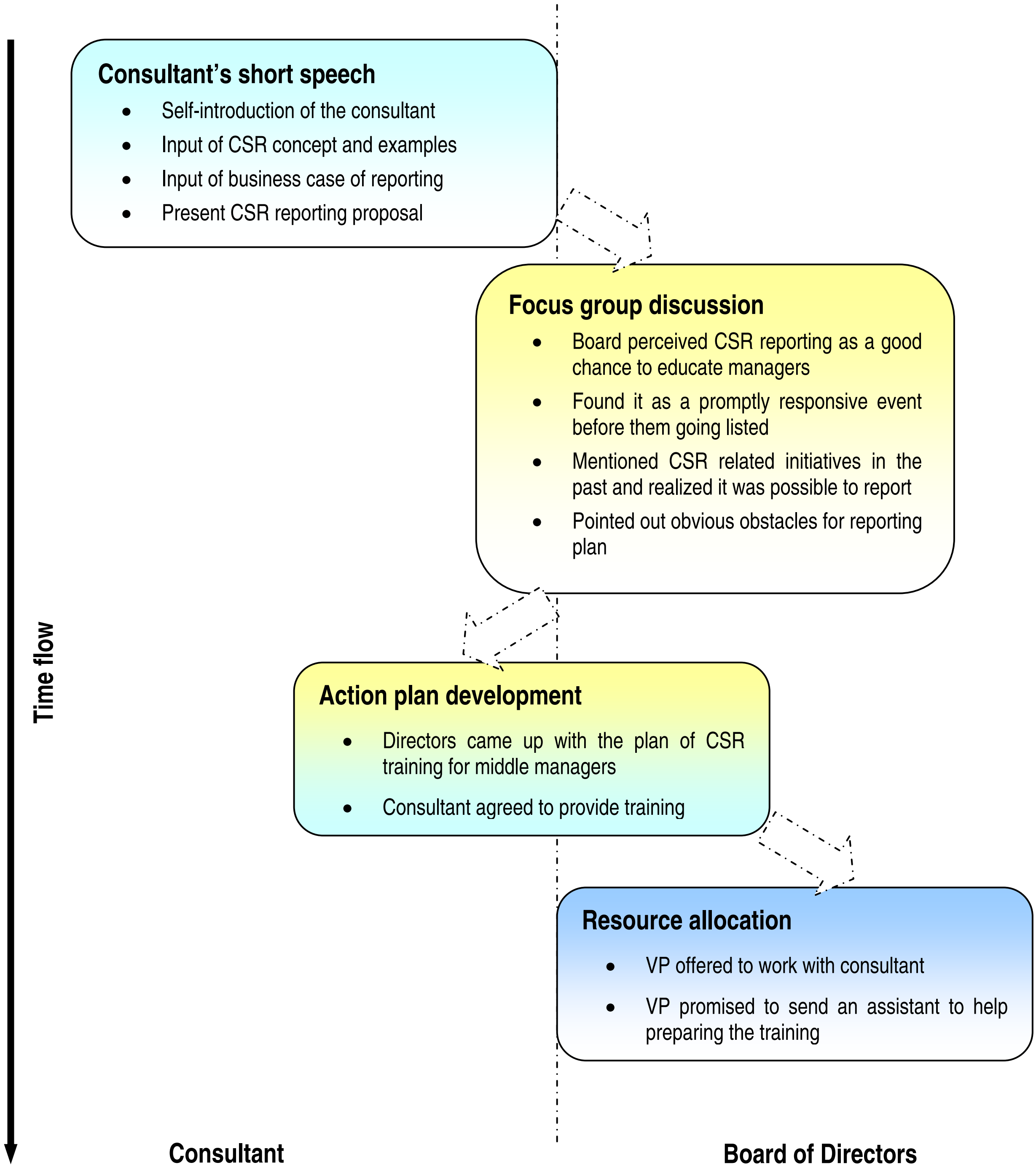

Figure 4. 2 Interaction between consultant and board of directors

4.3.4 Participatory training workshop for Powealth's CSR strategy planning

In the following week, 40 managers from the company gathered for the participatory training workshop for Powealth's CSR strategy planning. The training lasted 4 hours within a conference room in one of their five-star hotel. Before the training, I discussed the training outline with the two VPs in our working team, they suggested to give them more examples of CSR activities and make the training interactive. Since the directors pointed out that the lack of CSR awareness at management level was one of the most obvious obstacles CSR implementing and reporting, the training workshop was designed to generate awareness of CSR among all managers. Other tasks were to gather information for the report through a participatory approach, to empower middle managers to plan CSR strategy through this participatory training, and to get support from them for future CSR implementing and recent CSR reporting. Hence, the training activities were developed to fulfil these tasks. (see table 4.3) Some of the activities are general modules in training, like introduction, team building, and energizer. They are not elaborated in this paper. Those tailored for CSR training are described as following:

Blind verdict

After the team building, two questions were asked and participants were required to close their eyes while giving answers by silently raising hands. (see appendix 3) The training assistant counted and wrote down the numbers of 'yeses'.

- Do you consider that in general, enterprises in the marketplace responsible? (5 yeses, 12.5%)
- Do you think that enterprises should be responsible? (40 yeses, 100%)

The huge discrepancy between the two answers indicates that the perceived CSR (reality) is far behind the desired CSR (ideal) in Chinese environment. This distinguished gap between reality and ideal situation impressed the participants, especially when it was derived from their own opinions, arousing the need to think about CSR.

Linked to Culture of Confucian Businessman

The concept of CSR is seen as western to most of Chinese managers; however, the principles underlying CSR share some comment characters with Chinese culture of Confucian businessman -- Honesty, Credibility, and long-term commitment. Hence, this connection was pointed out in order to localize the western concept of CSR and to lessen the defensiveness from the participants. And the participants were all proud and empowered from the cultural perspective to adopt CSR. Some of them claimed that ‘we can do better than *Laowai* (foreigners).’

Filling the pyramid

After introducing Carroll and Buchholtz’s (2000) pyramid model of CSR, the five participants groups were asked review their CSR activities to fill in the pyramid on the white paper provided. (see appendix 3) Then the groups presented their model in front of all the participants. When different groups placed the same activity in different level of responsibilities, they discussed it where it should belong. If some activities were missed out in a group’s model, the information from other groups would be a source of supplement. This method, on the one hand, gathered information of the company’s past CSR activities as a signpost for further collection of more detailed and accurate data for reporting; on the other hand, it helped the participant to reflect their ‘espoused theory’, which would help them, as well as help the researcher to identify their ‘theory-in-use’.

Stakeholder negotiation: Welcome to Paradise Island!

Before introducing the concept of stakeholders, a role-playing game was designed to put the participants into a stakeholder negotiation scenario of conflicting interests. (see appendix 3) The original idea of the game is adjusted from Stakeholder Negotiation Exercise (Hare, 2007) in the module of Managing Stakeholder Relations, International Centre for Corporate Social Responsibility, Nottingham University Business School.

Background: Paradise Island lies in South China in warm, clear tropical seas. It is a small island (about 10km by 5km), with no airport, though it has some roads. It has a population of about 500 people, mainly living in one village. Fishing is the island's main activity – go out to sea to harvest the rich supplies of seafood from Paradise Reef. Along the beaches, local people collect turtle eggs. Overall the island is virtually self-sufficient. Now Powealth wants to move in to build a hotel on this beautiful island as a holiday destinations for westerners, with neat lawns, swimming pools, and restaurants. It is a leading company in local hospitality industry (started 7 years ago). They need significant investment/support to make the project a reality – and that's why they are approaching a major commercial bank. But a Local NGO is not so sure about the development plan. They are concerned for the people and the untouched environment of Paradise Island. Given the investment from the bank, Powealth would be able to go ahead with the development. Without it, they cannot go ahead. The decision on whether the investment/support will be given lies with the bank, whose executives will decide whether to invest and - if so - on what terms.

Roles: Ever group was given a role: they were either be a local resident, a senior executive in the Powealth company, a NGO staff member, a member of the bank's investment team, or an observer.

- The residents' aim is to win the game: to stop the plan, or to ask for what is good for their interests.
- The developer's aim is to win the game: to persuade the bank to give the investment the go-ahead with no conditions attached.
- The NGO's aim too is to win the game: to persuade the bank to refuse the investment, or impose strict conditions that favour the environment, the community and the wildlife.

- Bank’s job is to make the right decision, based on the potential benefits of the investment – and on the bank’s policies – including CSR.
- A group was given the task to observe and evaluate the negotiation process.

Negotiation: The groups were given 20 minutes to decide their collective standing points and negotiation strategies, after that would be 40 minutes for negotiation. The residents asked for compensation and jobs. NGO protested the development at the first place. Powealth development team presented the plan to the bank emphasising the high turnover and promised the residents and NGOs that it would not pollute the beach and set up a mini fund to save turtles. Then the NGO asked for a more sophisticated plan regarding to water use, transportation, environment protection, and living of residents. Powealth then offered a plan as requested, to develop small scale and high end bio-tourism, to reconstruct the residents’ house and offer them jobs, training and education… However, the bank doubted about the profitability of the second plan. They did not come to agreement at the end.

Evaluation from the observer group highlighted the following points: They thought that the developer and bank had common economic interests; the NGO provided sufficient reasons to stop the plan, but it was not right to stop a plan without considering the plan might bring something good to the residents in terms of house and jobs; they suggested that the Powealth company should set up a working group with representatives of residents, NGO, and bank, to work out the best solution for all the parties involved. When asked what they learned from they role-playing, one of the participants said that, ‘We should take the impact of our operations on the society and environment into consideration, rather than only go for the high economic benefits.’ Another responded, ‘Sometimes we can not think out a plan unilaterally, we should work with stakeholders, ask them for suggestions, even serious fighting would result in best plan.’

Table 4.2 Activities and outcomes in participatory training workshop

Section	Content/approach	Outcome
Getting started	Consultant introduced by president Self-introduction of the consultant Team building/**games**	Legitimise the entry of the consultant Provide supportive, open, and enthusiastic atmosphere
CSR development as background	Blind verdict/**games**	Distinguish the gap between reality and ideal situation
	The need for CSR from operating environment perspective	Arouse the need to think about CSR
	The Culture of Confucian Businessman	Localize the western concept of CSR
	Evolution of the CSR concept CSR development in China and in the world /**mini lecture**	Provide a big picture of CSR development internationally and domestically
What is CSR?	Carroll's pyramid model of CSR and ask participant to fill the model using their own initiatives/**group activity and presentation**	Collectively review the past CSR related initiatives, providing the direction of data collection for the report; specify the concept with daily examples
To whom, are we responsible?	Stakeholder negotiation/**role-play**	Feel the common and conflicting interests of different stakeholders; experience the negotiation process; agree that business operation will effect other stakeholders and when making decisions they should consider their interests and engage them in the decision process and even in following-up activities
	Stakeholder analysis for Powealth/ **group activity and presentation**	Map out the related stakeholders and discuss the relation between Powealth and different stakeholders
Why CSR？	Business cases for adaptation of CSR/ **mini lecture and debate**	Further convinced from the business case perspective
A development strategy incorporating CSR	**Brain storming** for future development strategy	Take CSR into account when articulate strategy
CSR reporting plan	Proposed outline of the CSR report Timetable of the reporting process	Provide area of information needed Informed of the plan of reporting
Sharing feelings	One sentence to summarise the feeling after the workshop	Express the empowered and excited feeling about learning, and also some commitment to incorporate CSR thinking into future work (see appendix 5)

Derive from training material and minutes.

4.3.5 Assist compiling of Powealth's first CSR report

After four hours of training, the managers had formed their own understanding of CSR. Hence, in discussion of CSR reporting plan, they offered a lot of insights on their commitments to CSR, what to write and the tone of wording. When the training ended, some of them came to me and said, 'Teacher Ling, if you need anything when prepare the report, just say it, we will try our best.' The working team set up in the board meeting include 6 members: two VPs, an assistant, an editor from internal magazine, an editor from the company's website team, and me.

Data about past CSR related activities was derived mainly from documentary information. As mentioned in the methodology chapter, there are several types of documentation: mainly internal monthly newspapers from year 2003 to 2006, fortnightly internal and customer-oriented magazines from year 2006 to 2008, some reports of events, and some articles from mass media. Since a lot of information collected in the training workshop and interviews was fragments of phrases and rough names without accurate and detailed description, first, these documents are helpful in providing the full picture of the activities, verifying the correct spellings and titles or names of organizations that might have been mentioned. Regarding to their future CSR plan, the Chair and president wrote two letters showing the management's commitment to CSR, and a plan of establishing a CSR management control system was proposed by me and approved by the board, which is presented in the CSR report. (See appendix 6 for contents and layout of the report)

Table 4.3 Highlights of Powealth's first CSR report

Report period	September, 2000 – June, 2008
Standard	GRI Sustainability Reporting Guidelines
Data resource	Internal documents and reports
Scope	All of Powealth's subsidiaries and franchises

4.4 Powealth's CSR sensemaking after intervention

As articulated in the newly published CSR report, Powealth realizes its business and non-business operations have impacts on the society as a whole, directly and indirectly. Therefore, while growing fast and healthy, Powealth sees accomplishing corporate social responsibility as the foundation to develop, it is its duty to serve and pay back to the society. Powealth is not only responsible for its own sustainable development, but should also contribute to the sustainable development of China and human beings, in order to achieve a harmonious development of society, environment and the company itself.

Powealth claims having four levels of responsibilities:

Economic responsibilities: They provide products and services of high quality to meet the customers' needs; they make profit out of operation sustainably, which is exacted as income tax to local government, contributing to the government revenue; related industries and up-stream suppliers are benefited from the growth of Powealth; they provide about 13000 jobs, which releases the employment stress of local community and raises the income level and living standards.

Legal responsibilities: They strictly follow various laws and bylaws, run business on accountability, and promote fair play within industry; they make guarantee the quality of products and services, and respect and uphold customers' rights; they obey laws in terms of environment protection.

Ethical responsibilities: They will establish harmonious relations with and be accountable to shareholders, employees, customers, and environment, in order to achieve mutual benefits, balanced development, and long-term growth.

Philanthropy responsibilities: They actively get involved in charity donation, helping disabled, sponsoring primary education and the like. As part of their philanthropy strategy, in 2008, Powealth announced of setting up a *5 Million Loving Heart Foundation Scheme* each year, to help staff and others in need. They will develop a set of priorities and selecting criteria to make sure their philanthropy activities are consistent with company's strategy and other CSR activities.

Major changes in Powealth's CSR sensemaking after the intervention

The major changes in Powealth's CSR sensemaking after the intervention are summarised and presented table 4.4.

The most outstanding change is a shift from individualism identity orientation to a relational one. They used to emphasise their leader position in the industry. Now they see themselves connected closely to the other players in the market places, e.g. costumers, suppliers, even have common interests with the competitors. They suggest that prosperity and order of the whole industry will lead to a brighter future for each player in the industry. Then they legitimise themselves from a moral trait, as bringing standards to other partners in the industry to self-regulated for a better reputation (some baths in China are blamed for providing prostitutes) and better environmental performance. The shift in environment area is consistent with this shift in marketplace. They are now committed to the sustainability of environment. "It is not only the issue of loving heart, but also the more responsibility of environmental protection." This is double-loop learning. They have added new governing variables of sustainability of society and environment.

In the past, their supports to employees are voluntary based. Since the new labour law came into effect on Jan. 1, 2008, they put a lot of efforts to comply their labour standards with the new labour law. After the reflection in the training, they realise that they can also legitimise and justify themselves from a legal trait as well. This is single-loop learning because of the unchanged nature of their behaviour and theory-in-use.

Table 4.4 Major changes in Powealth's CSR sensemaking after the intervention

		General	Marketplace	Workplace	Community	Environment
Cognitive	Identity orientation	Relational and Collectivistic	(Shift) Relational: committed to customers and suppliers; see positive side of competition within industry			(Shift) Relational: committed to sustainability
	Legitimacy	Pragmatic, Moral and (Add) Cognitive	(Add) Moral	(Add) Cognitive: new labour law		(Add) Moral
Linguistic	Justification	Economic, Ethical and (Add) Legal		(Add) Legal: follow the new labour law		(Add) Legal
	Transparency	Biased CSR reporting				
Conative	Posture	(Shift) Open: start stakeholder dialogue				
	Consistency	Strategically consistent (Shift) Internally consistent: managers see the entire range of CSR activities relevant and plan to build CSR management control system			(Shift) Strategically consistent: set up priority to select activities	
	Commitment	Mix of Instrumental and Normative				

Derive from field and Powealth CSR report 2008.

Another single-loop learning is that they will publish CSR report at regular intervals to disclose their comprehensive performance and progress in Marketplace, Workplace, Community, and environment. One thing worth noticing is that they tend to publish good news, which is not balanced but biased. Actually, I tried to put forward the balanced issue while assist the reporting, but there was nothing negative came to my attention that cause me to infer that either the information was filtered when it was written down, or the company had not been seriously criticised by any pressure group. It is possible for both situations.

Powealth also plans to build up a CSR management control system. While writing the report, they found it difficult to integrate the massive information into a systematic framework. They viewed that was because the absence of a comprehensive CSR management system. Then they decided to build up a CSR management control system in the next year. (See figure 4.3) According to Gond and Herrbach (2006), this is a interactive use of the report at the strategic dimension, because the top managers strongly involved in reporting process, e.g. planning, writing and proofreading, and made strategy decision on building up CSR management control system based on what they found in the reporting process, which indicated the starting of CSR institutionalisation.

A change in conative posture dimension is the shift from defensive to open trait, which can be categorized as double-loop learning. Powealth states that they will start dialogue with stakeholders. Powealth finds that the business decisions are not made in vacuum, rather in the interaction with multiple stakeholders. They identify their stakeholders including employees, customers, suppliers, and colleagues in the same business, shareholders, investors, government, local residents, natural environment, NGOs, media, and academic institutions. The company shall create value for them. They hope to host dialogues with stakeholders, inform them of what the company plan to do, listen to what the stakeholders need, and what are they worried about, and develop win-win solution with them. On the one hand, the company will obtain understanding and support from stakeholders; on the other hand, the company's decision and operation will benefit both the company and the stakeholders.

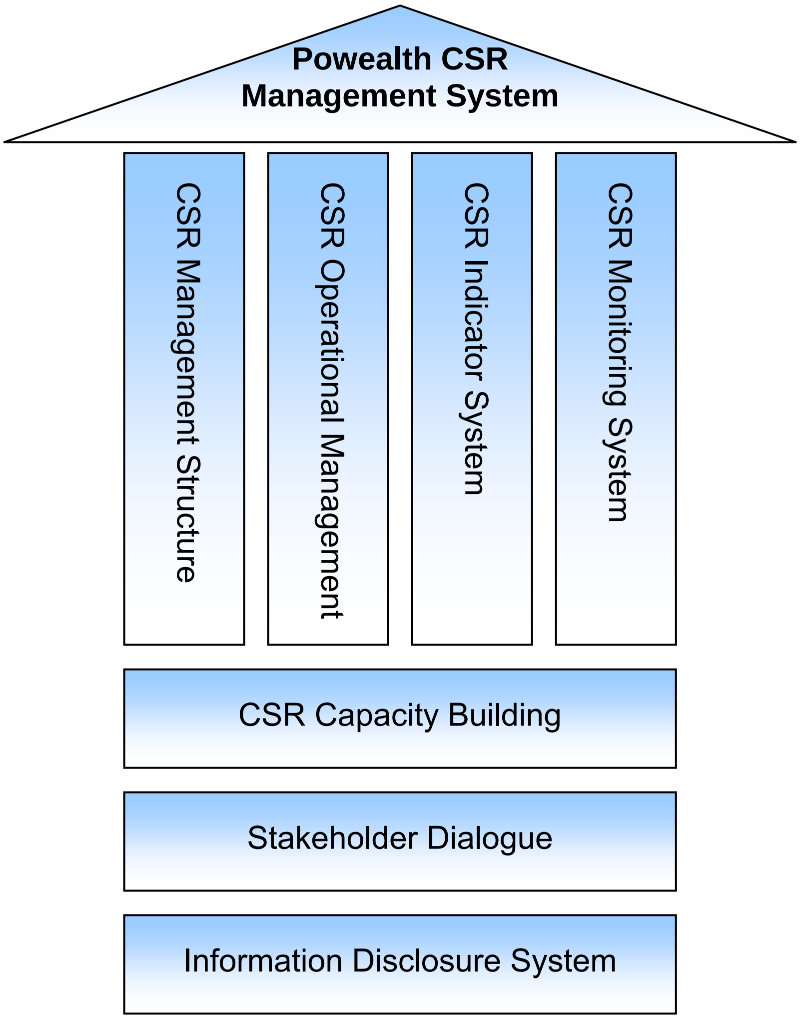

Figure 4. 3
Powealth CSR Management System

Source: Powealth CSR Report 2008

Chapter 5

Discussion and Conclusion

The major issues of discussion are:

- What improvements could be useful when apply CSR sensemaking model to analyze a company's CSR state?
- What contribution from consultants in terms of facilitating CSR organizational learning- could be identified out of the research?
- What is role of national context in organizational learning?
- What are the limitations of this research?
- What implications of the research could be outlined regarding CSR organizational learning?

5.1 Suggested Improvements of CSR Sensemaking Model

From the findings in chapter 4, we can see the difference of traits within one dimension, e.g. a company can have an individualistic identity orientation when define its relations to the stakeholders in marketplace, while at the same time, and it may also have a relational identity orientation another set of stakeholders in workplace. Hence, it is valuable to analyze the discrepancy within a single dimension by adding different sets of stakeholders as a variable. Sometimes, a particular company might have mixed traits towards one set of stakeholders, such as having Ethical legitimacy (improve employees' wellbeing in order to contribute to the harmonious society) and Economic legitimacy (provide training to employees for higher organizational effectiveness) at the same time. So the task is to analyze their importance and essentiality, and to avoid sloppy simplifying them to one dominant trait.

The findings also indicate some relation of the dimensions within the model, for instance, the individualistic identity orientation links to the pragmatic legitimacy, for another instance, the Relational and collectivistic identity orientation link to moral legitimacy. Therefore, taking the inter-dimension relations into account can further develop the model to some degree. Another interesting finding is that when the new labor law comes into the discussion, the company adds cognitive legitimacy and legal justification into the original portfolio, which means that changes in external environment will lead to changes in the firm's sensemaking processes. In a similar way, the internal factors' influence upon the model needs to be investigated.

Changes of traits within the model over time are valuable resources to observe firms' CSR organizational learning. Different types of change can be labeled as Shift (give up an old one, shift to a new one), or Add (add a new one to the original portfolio).

5.2 Roles of consultant in CSR organizational Learning

Kubr (2002, p.70) simplifies the various roles of consultants to two basic roles: the *resource role* and the *process role*. In the resource role (also referred to as the expert or content role), he or she supplies information of CSR best practices, diagnoses the organization's CSR *status quo*, undertakes a feasibility study on environmental projects, designs a new monitoring system, trains staff in a new technique and the like. Management collaborates with the resource consultant, but may be limited to providing information on request, discussing the progress made, accepting or declining proposals, and asking for further advice on implementation. 'Management does not expect the consultant to deal extensively with the social and behavioral aspects of the change process in the organization, even if the consultant is expected to be aware of these aspects.'

By contrast, in the process role, the consultant as an agent of change attempts to help the organization solve its own problems by making it aware of organizational processes, of their likely consequences, and of intervention techniques for stimulating change. Process consultant is primarily concerned with passing on his or her approach, methods and values so that the client organization itself can diagnose and remedy its own problems. While the resource consultant tries to suggest to the client what to change, the process consultant suggests mainly how to change (deutero loop learning) and helps the client to go through the change process and deal with human and other issues as they are identified and understood. (Kubr, 2002, p.72)

Bessant and Rush (1993) pay particular attention to the role of 'marriage broker', providing clients with a single point of contact through which to access a wide range of specialist services. One of the directors said that, ‘we have done a lot of things, but we don’t know it is about CSR. You open a door for us, through which we can do more about CSR, and if we need any support, you will help us find the resource.’

5.3 National context in CSR organizational learning

Liu and Vince (1999) assert that it is important for partners [in international joint ventures] from diverse cultures and social-economic backgrounds to understand the different modes of managing and organizing. As mentioned before in chapter 4, the concept of CSR is seen as western to most of Chinese managers, hence I argue that it is of the same importance to understand the culture context when introduce ‘western’ CSR concepts into Chinese local private companies. This case cannot represent the developing countries, because nations in the developing category themselves are so diversified that each culture warrants separate attentions. (Jaeger, 1990, cited in Fan, 1998)

Economic context: There exist huge gaps between Western industrial countries and China: Western economy is in the post-industrial stage, with well-developed infrastructure, complete market mechanism and a buyer's market; whereas China is in the early stage of industrialisation, with an under-developed infrastructure, embryo market systems and very low personal income. (Fan, 1998) There is obvious issue of suitability here in transferring CSR concept. For example, in the stakeholder role-playing in the training, the group of residents asked for compensation and three bedrooms apartment, rather than keeping their untouched environment and original living as some west farmers and villagers do when come across a developer. This leads to another broad subject of sociology about relations between values and economy development.

Power distance: Power distance is defined as ``the extent to which the less powerful members of institutions and organisations within a country expect and accept that power is distributed unequally'' (Hofstede, 1991, p. 262, cited in Liu and Vince, 1999). Traditionally, the Chinese social system was largely characterised by differential power relations. According to Confucius, there were five social relationships, namely those between sovereign and subject, father and son, elder and younger brother, husband and wife, and friend and friend. In each pair, the former had absolute power over the latter. Such system values harmony and stability, which should be achieved and preserved by each person observing the power relations and act accordingly. Confucian influences both the organizational life and private life of Chinese. Initiatives on the part of employees are not encouraged. It lies with the superior to define the tasks of their subordinates, which has created a high level of dependency on superiors to handle problematic situations. (Liu and Vince, 1999) In this research, I found that the top managers influenced a lot on the CSR organizational learning, from training planning, encouraging middle managers, to report writing and proofreading, which indicated they wanted to show their commitment to CSR, and the control as well.

Uncertainty avoidance: 'the extent to which the members of a culture feel threatened by uncertain or unknown situations' (Hofstede, 1991, p. 262, cited in Liu and Vince, 1999). Liu and Vince (1999) state that in joint ventures, the Chinese managers are reluctant to assume responsibilities. However, in the private company I study, the middle managers are willing to take responsibilities actively, rather than waiting for the superiors to assign tasks. A manager said that 'I would like to contribute to the report' immediately after the announcement of the reporting plan.

Resistance to new ideas: Fan (1998) presents two preoccupations among Chinese managers. One extreme is no need to learn from the west, our ancestors did a lot better. Another extreme is that everything from the west is good, "even the western moon shines brighter." At the very beginning when I contacted the VP, one of the reasons she decided to see me is because I studied overseas; the chair also expressed the similar appreciation of the abroad experience, 'monks from outside patters better, especially the foreign monks.' Though the western outfit might weaken the resistance to CSR, but in further discussion, the acceptance is selective and cautious.

Language: Language is an obvious barrier of learning CSR; Fan (1999) sees it as the first barrier to transfer western management know-how to China. Sometime it is hard to find an equivalent of a western concept in Chinese. Even if the Chinese equivalent of English term can be found from dictionary, the actual connotation and extension of the translated term could be different from the original. For instance, the key term in CSR – *ethics* is translated to *moral* or *family order*; another key term in stakeholder management – community can be translated to *street* directly or the physical space in which people live together.

5.4 Limitations of the research

This study is limited by several factors. First, this study is limited by the research strategy of participatory action research.

In terms of generality and theory generation of action research, Eden and Huxham (1996) point out that by its very nature, action research does not lend itself to repeatable experimentation; each intervention will be different from the last and the others. Over time, it is possible to tryout theories over and over again, but each context will be slightly different, so each time it will be necessary to adjust the interpretation of the theory to the circumstances.

Action research is therefore not a good vehicle for rigorous and detailed theory testing.

For the pragmatic focus of action research, Ormerod (1996) presents the difficulty and complex of combining management consultancy and research. Consultancy provides the academic with experience, which can provide a rich source of research material. In practice attempts to combine consultancy and research can be frustrating. In general consultants and academics differ in their motivations, outlook and behaviour. For a consulting assignment to act as a research vehicle, many different approaches can be adopted and a wide variety of subject matter can be the focus of attention. Consultants lack an explicit philosophy to provide coherence to their practice: pragmatism may be sufficient but the possibilities of a post-modernist stance are intriguing. For academics that wish to engage in consultancy the challenge is to understand and perform the role of the consultant beyond the constraints of their academic beliefs and behaviors.

Eden and Huxham (1996) argue tha triangulation has a different significance for action research compared with using triangulation only as a crosschecking method. Similarly, action research provides the opportunity for cyclical data collection through exploiting more continuous and varied opportunities than is occasioned by more controlled research. The chaos and the changing pace and focus of action research can be used as a virtue. Thus, in action research, the opportunities for triangulation that do not offer themselves with other methods should be exploited fully and reported, but used as a dialectical device which powerfully facilitates the incremental development of theory.

Second, one limitation of this research is the single focus on one corporation case and its CSR organizational learning in a short period of time.

The single-case design is vulnerable because ‘all the eggs are put in one basket.’ (Yin, 2003, p.53) Criticisms about single-case studies usually reflect fears about the uniqueness or artifactual condition surrounding the case. This experience was too short in terms of time. Actually, there was no chance to observe their interaction with outside stakeholders and no chance to see their reaction to negative critiques. And the learning outcomes are not fully presented and its own sustainability is still in question. Whether they will implement what they claim to do in the training and in the report need further investigation.

Though the time is short, I was conscious of being swamped in data, especially that from the internal magazines and newspapers. Apart from the massive amount of data, the quality of data is also worthy noting. Some negative news is easy to dismiss at the first place, by those who do not like the messages that they contain. Moreover, when summarized the data, now I realize that I might have been influenced by some preoccupation to screen the data, which would lead to losing some uniqueness of the data.

Third, The sensemaking model to some extent narrows the study. When on the field, I looked for the particular dimensions. Then in interpretation of the results, I took the model for granted (though I added some horizontal variables, but did not change any vertical options) and put the issues I had observed into the model. As for the presentation of the data, there are often several different ways to present the same set of subtly different issues, thus, the use of the sensemaking model frames, but also restricts the presentation of the full story.

Forth, my experience and qualification as a CSR consultant is another factor that limits the study. Researcher's role in participatory action research is not only a tool, but much more than that, which means researchers use their ears and eyes to record what happened to the researched and how that happened, use their brains to analyse and interpret those data collected, based on my knowledge of CSR and the comprehensive research of the company -- the outsider researcher's technical expertise and abstract general knowledge, I also have a sense of what strategies might be doable and effective for the company and sometimes voiced them. So my age, dispositions and my professional and educational background make differences in research. Though I have delivered a lot of trainings in volunteer management and project management (that was how the CSR training possible to happen from my perspective), this is my first time to train 40 managers (every manager is older than me) of CSR and to plan and assist CSR reporting. We cannot judge whether younger or older is better for certain research. But an older and more experienced CSR professor or professional would enjoy more advantages in terms of CSR knowledge and consulting skills, and the processes and findings would be different even on the same company.

5.5 Recommendation for future research

Yin (2003, p.53) suggests that when possible, multiple-case designs may be preferred over single-case designs. In this point, the similar research can be applied in some other cases to expand the external generalizability of the finding. Following-up assessment on outcomes of the company's CSR organizational learning is of value particularly in measuring the effectiveness and the changing dynamics.

In terms about the CSR sensemaking model, we can see the difference of traits within one dimension; hence, it is valuable to analyze the discrepancy within a single dimension by adding different sets of stakeholders as a variable. And when a company has mixed traits towards one set of stakeholders, some research can be designed development theory and models to analyze their importance and essentiality. Researchers in the field of CSR can also do empirical on the inter-dimensions relations within the model, which would help understand the interaction of learning dimensions in the process. By examining the connection of changes in external or internal environment to the changes in the sensemaking traits, researchers could obtain new insights in predicting the CSR sensemaking changes of a company by observing the changes beyond CSR.

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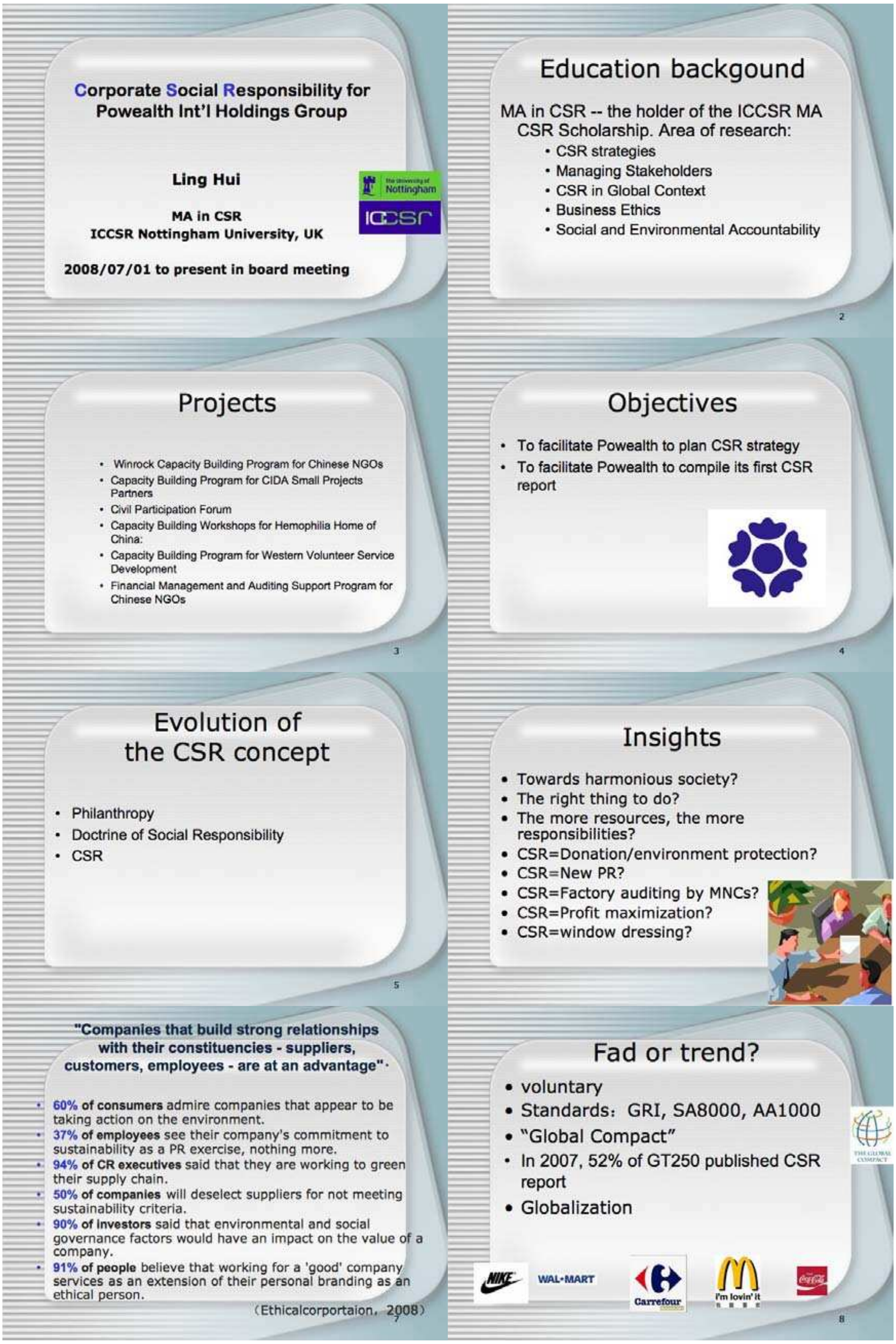
Appendix 1 Interview structure with Powealth's vice president

Sections	Contents and Questions
To start with Self-introduction	About the MA CSR course, and scholarship My previous background of projects management in development and how it leads me to CSR My research objectives
About awareness of CSR	Have you heard of CSR? Where did you hear that? What, in your opinion, is Corporate Social Responsibility? What do you think others might think about CSR?
About the company	What is your major business? What are your company's values? Can you articulate them?
About its current CSR status	Do you think CSR is related to your work? Would you give me several examples of what kind of CSR related initiatives you have done? How do you come up with the idea of doing these? What do you perceive to be the main benefits for companies involved in CSR activities? How are these benefits achieved?
About CSR plans	Do you have any thoughts about furthering CSR in the future?
Confirm entry	Do you think it is possible for me to do a case study of your company?

Appendix 2 PPT slices of the focus group speech at the board meeting



CSR in China

- National Grid, Sinopec, China Mobile published CSR reports.
- Biguiyuan published its first CSR reports at its 10th anniversary, becoming the first private company in China to publish CSR reports.
- In 2007, Construction bank and China Life Insurance published CSR reports, becoming the first to publish CSR reports in their industry respectively.
- CSR Guideline for State-Owned Enterprises by State-owned Assets Supervision and Administration Commission (SASAC), PR China publicly issued on Jan 4, 2008.

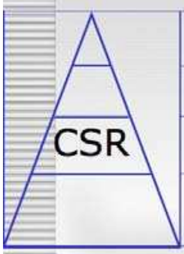
9

Three questions to ask

- What is CSR?
- To whom, are we responsible?
- Why CSR?

10

Pyramid Modle of CSR



Philanthropy responsibility	***Be a Good Corporate Citizen*** Contribute resources to the community; improve quality of life [**Desired** by Society]
Ethical responsibility	***Be Ethical*** Obligation to do what is right, just, fair. Avoid harm [**Expected** by society]
Legal responsibility	***Obey the Law*** Law is society's codification of right and wrong. Play by the rules of the game [**Required** by Society]
Economic responsibility	***Be Profitable*** The foundation upon which all others rest [**Required** of Business by society]

- Carroll, 1979; Carroll & Buchholtz, 2000

11

Triple Bottom Line

Economic Social Environmental

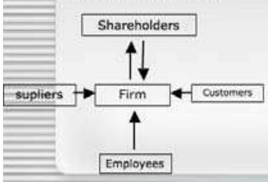
12

To whom, are we responsible?

Aagent theory

- Stakeholders

Traditional management



Stakeholders Model

13

Pains and Gains

- creating financial value
- attracting long-term capital and favorable financing conditions
- raising awareness, motivating and aligning staff, and attracting talent
- improving management systems
- risk awareness
- encouraging innovation
- continuous improvement
- enhancing reputation
- transparency to stakeholders
- maintaining license to operate

Brown and Fraser (2006)

14

CSR reporting

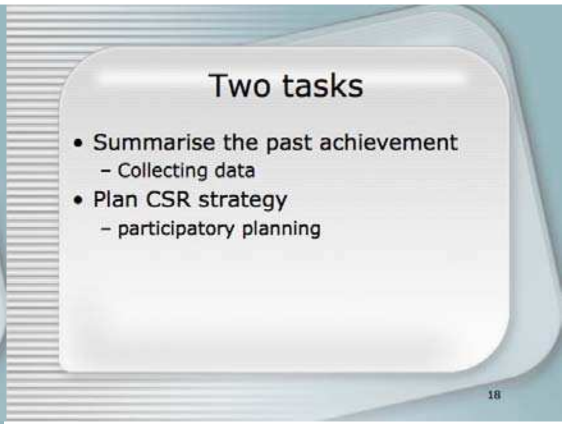
- A way to communicate with stakeholders
  - Investors
  - Employees
  - Customers
  - ...

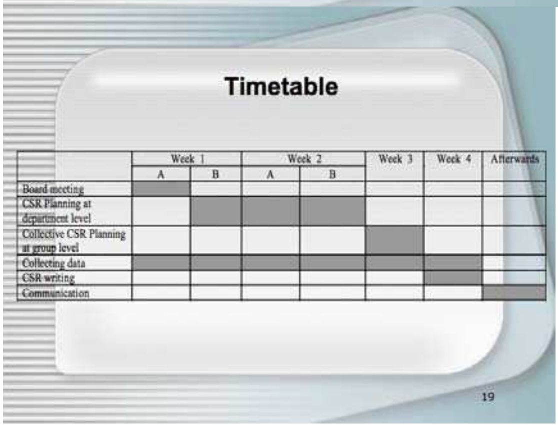
15

Outline of CSR Report (proposed)

- Letter from Chairman
- Massege from president
- Company profile
- CSR strategy and performance
  - Marketplace
  - Workplce
  - Community
  - Environment
- Voices of stakeholders
- Looking to the future
- Feedback form

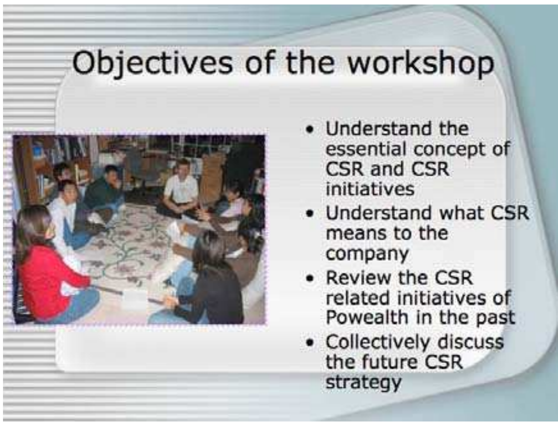
16

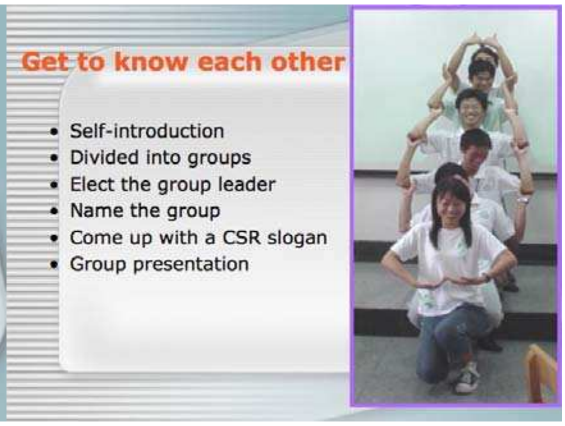




	Week 1		Week 2		Week 3	Week 4	Afterwards
	A	B	A	B			
Board meeting							
CSR Planning at department level							
Collective CSR Planning at group level							
Collecting data							
CSR writing							
Communication							

Appendix 3 PPT slices of Participatory Training Workshop of 40 managers





Participatory SP

- Respect all different opinions, no matter whose opinion it is.
- Participation
  - speech
  - play
  - argue

What is CSR?

- Why talk about CSR? (blind verdict)
  - Do you consider that in general, enterprises in the marketplace responsible?
  - Do you think that enterprises should be responsible?
- What are the responsibilities for human being?
- Can we personalise Powealth as a corporate citizen?
- What is the relationship between Powealth and the environment it operates in?

Insights

- Towards harmonious society?
- The right thing to do?
- The more resources, the more responsibilities?
- CSR=Donation/environment protection?
- CSR=New PR?
- CSR=Factory auditing by MNCs?
- CSR=Profit maximization?
- CSR=window dressing?

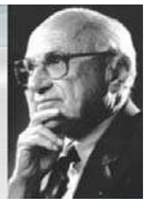
The Culture of Confucian Businessman

Honesty
Credibility
Commitment
……

Evolution of the CSR concept

- Philanthropy
- Doctrine of Social Responsibility
- CSR

Debate!



- Milton Friedman **(1962, 1970)**
  - "CSR is a fundamentally subversive doctrine"
  - "There is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as its stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud"
  - **"The business of business is to increase its profits"**

"Companies that build strong relationships with their constituencies - suppliers, customers, employees - are at an advantage".

- **60% of consumers** admire companies that appear to be taking action on the environment.
- **37% of employees** see their company's commitment to sustainability as a PR exercise, nothing more.
- **94% of CR executives** said that they are working to green their supply chain.
- **50% of companies** will deselect suppliers for not meeting sustainability criteria.
- **90% of investors** said that environmental and social governance factors would have an impact on the value of a company.
- **91% of people** believe that working for a 'good' company services as an extension of their personal branding as an ethical person.

（Ethicalcorportaion，2008）

Fad or trend?

- voluntary
- Standards：GRI, SA8000, AA1000
- "Global Compact"
- In 2007, 52% of GT250 published CSR report
- Globalization

CSR in China

- National Grid, Sinopec, China Mobile published CSR reports.
- Biguiyuan published its first CSR reports at its 10th anniversary, becoming the first private company in China to publish CSR reports.
- In 2007，Construction bank and China Life Insurance published CSR reports, becoming the first to publish CSR reports in their industry respectively.
- CSR Guideline for State-Owned Enterprises by State-owned Assets Supervision and Administration Commission (SASAC), PR China publicly issued on Jan 4, 2008.

Concepts overloading

Three questions to ask

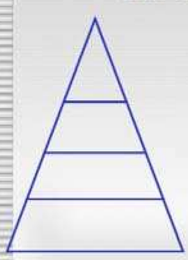
- What is CSR?
- To whom, are we responsible?
- Why CSR?

Pyramid Model of CSR

CSR		
	Philanthropy responsibility	***Be a Good Corporate Citizen*** Contribute resources to the community; improve quality of life [**Desired** by Society]
	Ethical responsibility	***Be Ethical*** Obligation to do what is right, just, fair. Avoid harm [**Expected** by society]
	Legal responsibility	***Obey the Law*** Law is society's codification of right and wrong. Play by the rules of the game [**Required** by Society]
	Economic responsibility	***Be Profitable*** The foundation upon which all others rest [**Required** of Business by society]

- Carroll, 1979; Carroll & Buchholtz, 2000

Fill the Pyramid



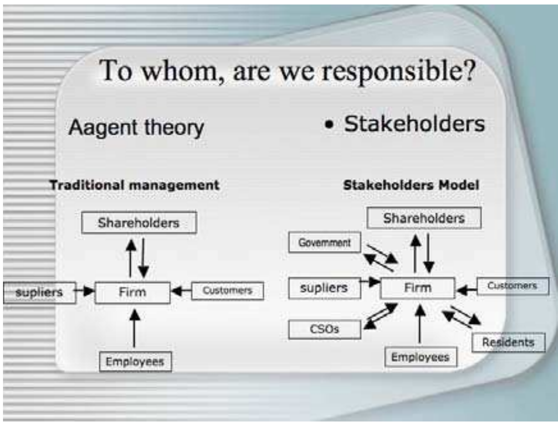
- Review the past CSR related initiatives
- One card one idea
- Put it on the floor where it suits
- Group presentation

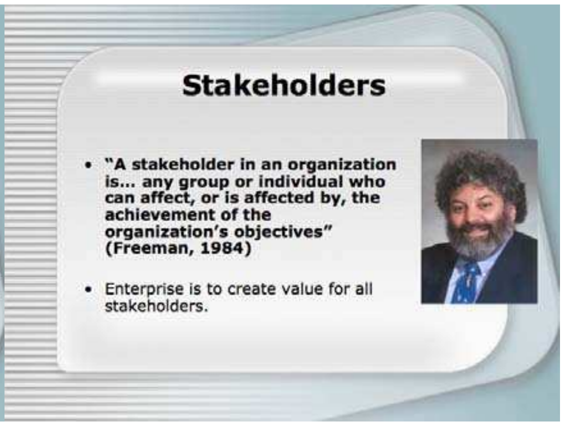
Triple Bottom Line

Economic **Social** **Environmental**

Tea Break

10 mins


To whom, are we responsible?
Aagent theory
• Stakeholders
Traditional management
Shareholders
supliers
Firm
Customers
Employees
Stakeholders Model
Shareholders
Government
supliers
Firm
Customers
CSOs
Employees
Residents


Stakeholders
• "A stakeholder in an organization is… any group or individual who can affect, or is affected by, the achievement of the organization's objectives" (Freeman, 1984)
• Enterprise is to create value for all stakeholders.


"Companies that build strong relationships with their constituencies - suppliers, customers, employees - are at an advantage"
• 60% of consumers admire companies that appear to be taking action on the environment.
• 37% of employees see their company's commitment to sustainability as a PR exercise, nothing more.
• 94% of CR executives said that they are working to green their supply chain.
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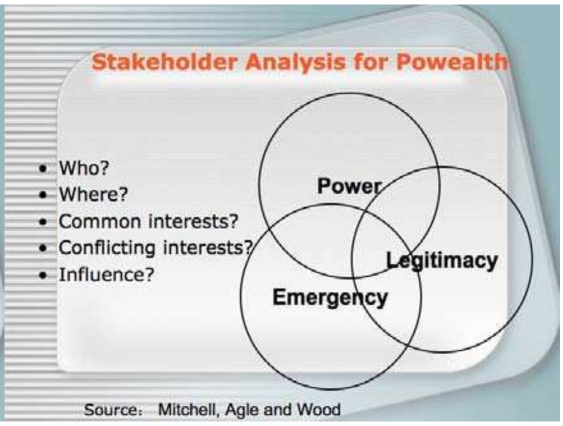
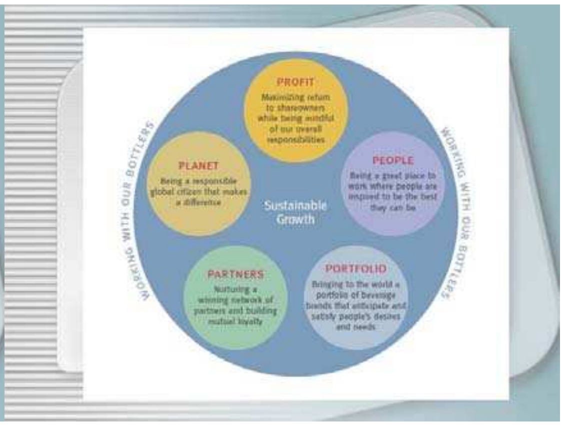
(Ethicalcorportaion，2008)


Stakeholder Analysis for Powealth
• Who?
• Where?
• Common interests?
• Conflicting interests?
• Influence?
Power
Legitimacy
Emergency
Source： Mitchell, Agle and Wood


Pains and Gains
• creating financial value
• attracting long-term capital and favorable financing conditions
• raising awareness, motivating and aligning staff, and attracting talent
• improving management systems
• risk awareness
• encouraging innovation
• continuous improvement
• enhancing reputation
• transparency to stakeholders
• maintaining license to operate
Brown and Fraser (2006)


PROFIT
PLANET
PEOPLE
Sustainable Growth
PARTNERS
PORTFOLIO
WORKING WITH OUR BOTTLERS
WORKING WITH OUR BOTTLERS


A development strategy incorporating CSR
• Stakeholder perspective
• Operational processes perspective
What is Powealth's CSR priority ?


CSR reporting
• A way to communicate with stakeholders
– Investors
– Employees
– Customers
– …

Outline of CSR Report (proposed)

- Letter from Chairman
- Massege from president
- Company profile
- CSR strategy and performance
  - Marketplace
  - Workplce
  - Community
  - Environment
- Voices of stakeholders
- Looking to the future
- Feedback form

Two tasks

- Summarise the past achievement
  - Collecting data, inc. articles and photos
- Plan CSR strategy
  - participatory planning

- Contact: Ling Hui 1381000000
- Chen Jiawei 1342000000
- Email: shangu55@126.com

Timetable

	Week 1		Week 2		Week 3	Week 4	Afterwards
	A	B	A	B			
Board meeting							
CSR Planning at department level							
Collective CSR Planning at group level							
Collecting data							
CSR writing							
Communication							

- Share your feelings...

- Thank you!

Appendix 4 Pictures of Participatory Training Workshop of 40 managers

Welcome and warm up


Team building


Blind Verdict


Fill the Pyramid


Energizer


Role-playing

Appendix 5 Feedbacks from Powealth's Managers about CSR participatory training

对企业社会责任多一些了解，以前都是泛泛的认识，今天通过零老师的讲解，多了一些认识，希望今后能够运用到工作中去。

About the understanding of corporate social responsibility, I have a fuzzy cognition before today's training from teacher Ling. I got a number of understandings about it and hope to be able to use it in my work in the future.

企业来源于社会，我们将回报于这个社会，通过今天的培训，我们将更能更准确地找到自我的价值和自己的工作位置。

Enterprises come from the community; we are going to pay back to the community. Through today's training, we will find a more accurate value and position of our work.

通过这种社会责任的了解，投资和经营将会在这方面关注更多一点，不光是爱心的问题，环保的责任更大。

Through the understanding of social responsibility, when we make decision on investment and operation, we will pay more attention to this. It is not only the issue of loving heart, but also the more responsibility of environmental protection.

能开拓思维，能开拓视野。

Be able to develop ideas and to open up vision.

社会责任是值得我们重视的。

Social responsibility is to be worthy of our attention.

很感谢老师今天对我们的培训，我觉得今天培训中通过这种研讨和游戏的方式，能让大家更直观地了解到了企业社会责任的意义。企业社会责任通过这次培训，它是一个企业和社会的共赢。

Very grateful to the teacher of today’s training, I think through today's discussions and games in this way, we can more directly aware of the meaning of the corporate social responsibility. So that we realize that corporate social responsibility and social enterprise is a win-win situation.

学到了很多东西，从原来不知道到今天的知道，到以后社会责任上升为一个理论的层面，很棒，谢谢老师。

I learned a lot of things from the training, from originally do not know to know of today, to rising the social responsibility as a theoretical level, great, thanks teacher.

我直接参与了很多企业的慈善活动，但是我的认识真的还是很肤浅的，只是觉得一个慈善的概念，说白了就是往外捐钱。但是今天通过这次学习，确实给我提高了很多这方面的认识，如果一个企业没有一个社会责任，就不会是一个好的企业，如果人没有社会责任，就不是真正有爱心的人。谢谢老师。

I used to be directly involved in a lot of charities, but my understanding is really very superficial. In the past only that the concept of philanthropy, said the whiteout is to donate money. But today, through this training, I really have much improved in this field. If a corporation has no social responsibility, it would not be a good corporation. In the same way, if a person has no social responsibility, he is not really a caring person. Thanks, teacher.

用一句话来表明我的感受，我今天受到了一种启发，这种启发是连锁性的启发，从社会责任到自己的责任，到每个人对家庭的责任，从大爱到小爱这种连锁性的启发。

In one sentence to express my feelings: I have been inspired, which will lead to a chain of inspiration from social responsibility to its responsibility and to everyone on the family, from the broad love to narrow love.

通过今天下午的学习，让我认识到一点，做事要把眼光放得更宽、更广。

This afternoon, through the training, I realised that we should do things look farther and broaden our horizons in the future.

以前在权金城是洗浴，今天来权金城洗脑，通过今天的学习掌握了一个工具，就是让一个企业如何去达到一个客观科学评价。

I used to take a bath in Powealth, before. Today I had a brainwashing. Through today’s training, I have learned a tool; this tool is how to make an enterprise to achieve an objective and scientific evaluation.

我觉得以前更关注的是作为一个自然人的责任，今天换了一个全新的角度，我作为一个企业的一份子，通过在企业当中更好扮演自己的角色，能更好地去完成作为一个企业每个人去做所需要的很多东西。

I think we were more concerned about the responsibility as a natural person before. Today, for a new point of view, as a member of an enterprise, we should think about what to do through the company’s operation to better accomplish our roles.

通过今天下午的学习，使我充分地了解了企业社会责任方方面面，以及在以后的工作安排过程当中，怎么把社会责任这个理念融入到企业发展和员工管理工作当中去。

Through this afternoon’s study, I fully understand all aspects of corporate social responsibility, as well as in the future work, how to make the concept of social responsibility into business development and human resource management.

今天通过企业社会责任，我认为这确实是一个学科，尤其是对社会实现共赢，这是最主要的。作为管理人员来说，确确实实应该非常深地去研究这个事情，今天通过学习，自己也学到很多东西，谢谢。

Through today’s training about corporate social responsibility, I think this is a broad subject, especially for the whole society to achieve a win-win situation. It is the most important. As managers, we should indeed look into this subject very carefully. Through the study, I have learned a lot, thank you.

企业的社会责任不光是停留在口头上，最主要的还是要去行动。

Corporate social responsibility is not just lip talking; the most important thing is to act.

今天非常高兴能参加由集团亲自来主办关于企业社会责任的互动研讨会，第一点感受是对权金城的这种企业文化又梳理了一次，对我自己来讲，对文化方面，包括经济也好，法律还有慈善，都是权金城企业文化当中不可缺少的部分，我是非常有感触。第二点感受是从社会责任，对于我以后的工作的重点方向，比如说开源节流，节能降耗，这方面的工作方向是下面具体到企业应该去做的事情，这方面会作为重点，谢谢。

I am very pleased to have the chance to take part in interactive seminars on corporate social responsibility sponsored by the group. The first feeling is we have reviewed the corporate culture and values of Powealth once again. From my point of view, all the elements of corporate culture, including economy or law, and the charity, are indispensable. It is my deep feeling. The second point is about corporate social responsibility, I will focus on those directions of the work, such as reducing energy consumption. It is also what the enterprise should focus on in next step, thank you.

我愿意为这份报告出一份薄力。

I would like to contribute to the report.

每一个企业都能够尽到对社会的责任的话，这个社会会强大起来，那么每一个企业也都会有长远的发展。

If every enterprise will be able to do social responsibility, our society will become stronger, and then each of the enterprises will have more long-term development.

Appendix 6 The First CSR Report of Powealth Int’l Holdings Group

POWEALTH INTERNATIONAL HOLDINGS GROUP
CORPORTATE SOCIAL RESPONSIBILITY REPORT

2000-2008

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Layout


权金城国际控股集团
企业社会责任报告
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POWEALTH INTERNATIONAL HOLDINGS GROUPCORPORTATE SOCIAL RESPONSIBILITY REPORT


VISION
诚信立身
共赢存远
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企业社会责任战略陈述
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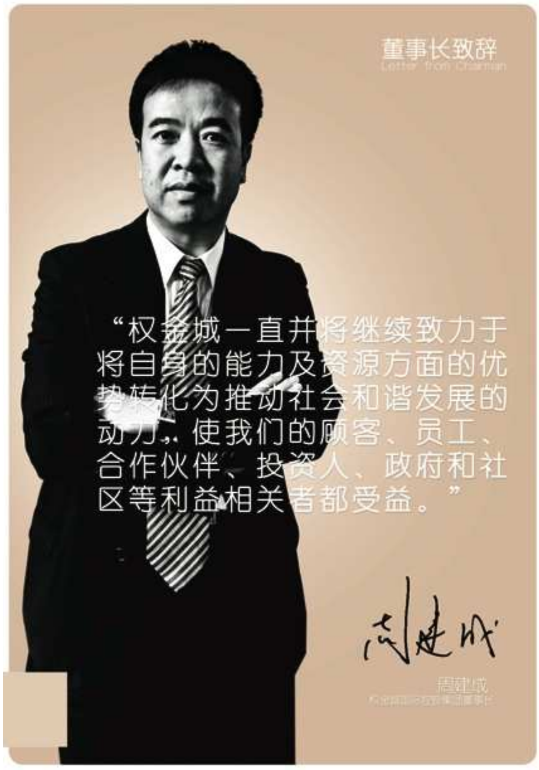
工作环境
回报社会
珍爱自然
利益相关者的声音
展望未来
读者反馈表



尊敬的各位朋友：

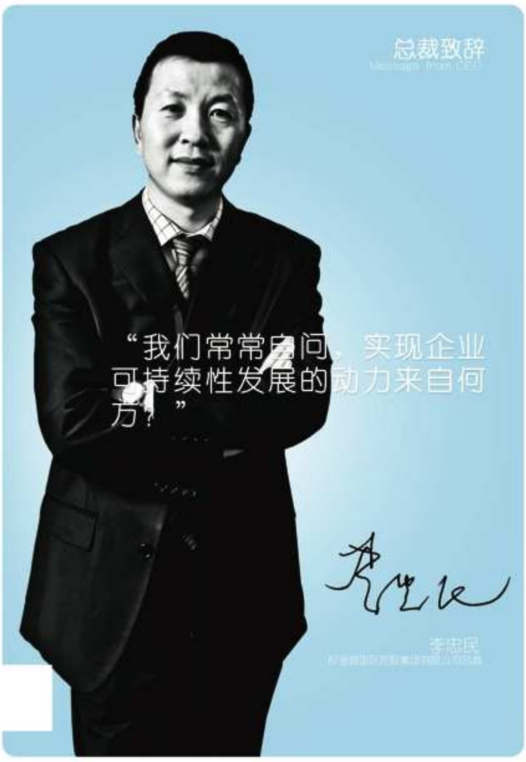
权金城的发展经历了八年的风雨路，权金城人秉承“精诚合作、众志成城”的企业理念，为打造中国最优秀的服务品牌不懈努力着，在全体员工的合力下，权金城正走向成熟并打出了品牌，取得了令人瞩目的成绩，权金城人用自己的勤奋和意志不断创造着财富，权金城取得今日的成就，除了自身的努力以外，更离不开社会各界的支持，同时也与整个社会的繁荣发展密切相关。就如同财富的积累不能等同于人生幸福感和生命价值感的全部一样，看待一个企业存在和发展的价值同样应该有更为广阔的视野。

权金城自成立以来始终保持着高速健康的发展态势，在激烈的市场竞争中，我们以树立国际先进水平标杆为己任，以敏锐的洞察力把握市场脉搏，闯出了一条独具特色的发展创新之路，在项目投资、房产物业、餐饮、休闲娱乐等十多个行业领域打响了知名度，赢得了同行业和社会的双向认可，在企业管理方面，我们努力营造团结进取的企业氛围，凝聚全体员工之力，奋发图强，不断创造出令业界瞩目的佳绩。与此同时，我们不忘服务社会、回馈社会，积极参与慈善捐款、助残等公益活动，用实际行动践行了权金城的社会责任。

我们所处的时代，是一个充满激情与活力的时代，在国家“十一五”规划的指导下，中国民营经济迎来了开放与发展的新契机，我们将抓住机遇，深化市场意识和危机意识，夯实基础，练好内功，加强管理，强化服务，完善细节，使企业在快速发展的基础上，进一步做精做强，实现第二次腾飞。

我们所处的时代，更是一个需要责任承担的时代，作为一家具有责任感和影响力的民营企业，追求良好的经济效益不是唯一的目标，权金城还承担着影响和推动民营企业与整个服务行业的企业社会责任发展以及参与建设和谐社会的重要使命，权金城一直并将继续致力于把自身能力和资源优势转化为推动社会和谐发展的动力，使顾客、员工、合作伙伴、投资人、政府和社区等利益相关者实现利益共享。

八年的发展历程，带给我们的不仅仅是财富的积累，更有对企业社会角色的深思。今天，我们首度发布企业社会责任报告，旨在总结权金城成立以来在发展经济、关爱员工、回馈社会和关注环境等方面做出的努力，展望权金城未来发展的希冀。它不只是一份报告，它也是权金城践行企业社会责任的一腔热忱，更是是权金城的管理层和所有员工对社会做出的郑重承诺。



尊敬的各位朋友：

权金城的发展使我们深刻感受到，企业的创立、成长、完善、成功，主要取决于四个方面的因素：

第一
企业要不断发掘新的经济增长点，为股东创造价值以回报投资者。

第二
企业要搭建平台满足员工发展需求，营造良好企业氛围以造福员工。

第三
企业要不断进行技术创新和服务创新以提供更好的客户服务。

第四
企业要关注社会、环境的发展与需求，深化可持续发展观以促进企业、社会、与环境的和谐发展。由此，我们可以认知到企业社会责任的基本内涵——经济责任、社会责任、环境责任，正因为企业承担了这些社会责任，因而获得了可持续发展的动力。

权金城正是以“企业公民”为意识基础发展起来的，它在快速发展获取利润的同时，十分关注包括顾客、员工、供应商、同行、股东、投资人、政府、社区居民、自然环境等利益相关者的可持续发展，权金城为顾客提供高品质的产品和服务，满足顾客休闲需求；为万余名员工提供稳定的工作环境，满足他们的成长需求；为拉动本行业、周边产业以及上下游产业的发展推波助澜，实现了对供应商的发展的直接刺激效应；持续盈利，为政府创造更多的税收，开展公益事业，为灾民和孤老捐款捐物，在贫困地区援建希望小学…… 当上述经济行为以一种概念形态出现在权金城责任和义务的意识形态里，当权金城用自己的实际行动实现了意识形态的物化，权金城便为构建“和谐社会”贡献了自己的全力，它使社会、环境、企业、公民从中获益，真正实现了互利共赢。

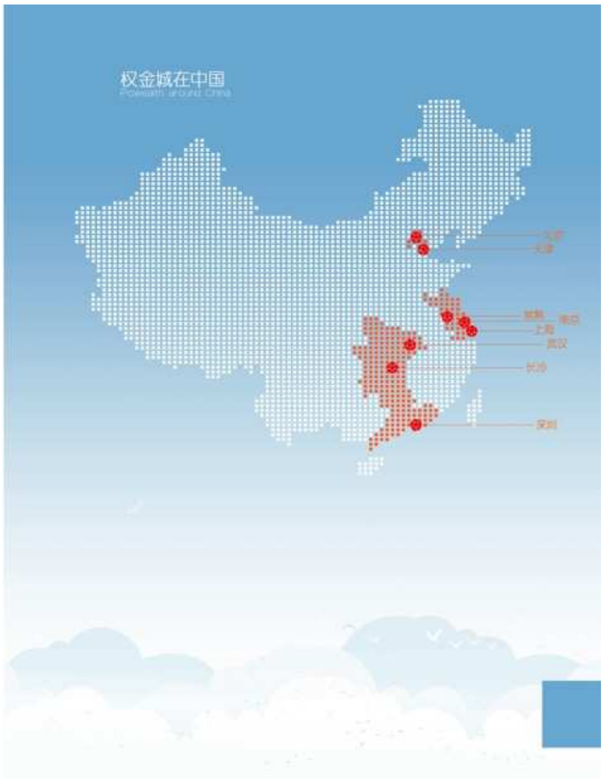
作为我国服务行业率先发布社会责任报告的企业，权金城用承诺为自身今后的成长和发展加上了重重的公信砝码，它标志着权金城作为一家快速成长的企业，正在朝着成熟和卓越的方向发展。

路漫漫其修远兮，吾将上下而求索，权金城将一致致力于企业社会责任的实现，为

企业概况
Company Profile

权金城成立于2000年9月，从海淀区花园路一家六百平米的韩国烧烤店，经过7年的跨越式发展已成为一家集餐饮、休闲娱乐、房产物业、酒店、商城、广告、装饰、科贸物流等于一体的多业态，多服务项目的大型国际控股集团，成为中国服务行业的名牌企业。权金城企业自成立以来，共实现销售收入•••亿元，企业总资产近•••亿元，净资产增长率超过•••%；自2000年以来，企业持续盈利，为政府创造税收5000万元，在实现资本实力大幅提升和保持业务规模快速扩张的同时，拉动周边产业以及上下游产业，通过促进供应商的发展间接促进地区经济的发展。

权金城企业秉承"精诚合作，众志成城，诚信立身，共赢存远"的企业精神，奉行多品牌战略，追求"专业化、规范化、国际化"的管理标准，坚持稳健经营、开拓创新的经营理念，伴随着中国经济改革及开放程度的深化而不断前进。一方面，进一步提升企业在餐饮、洗浴休闲等行业的规模和影响力，不仅做北京、做中国的名牌，还要走向世界；另一方面，着力将房产物业、酒店、文化体育等项目做出色，打出品牌。同时企业要开拓创新的行业领域，发展海外市场，进一步将企业做大做强。权金城的全体员工，始终致力于为日益成长的工薪白领人群提供专业化、高品质的休闲健康服务，引领健康、时尚、尊荣、和谐的生活方式、现代消费观和价值观，融入大众生活。



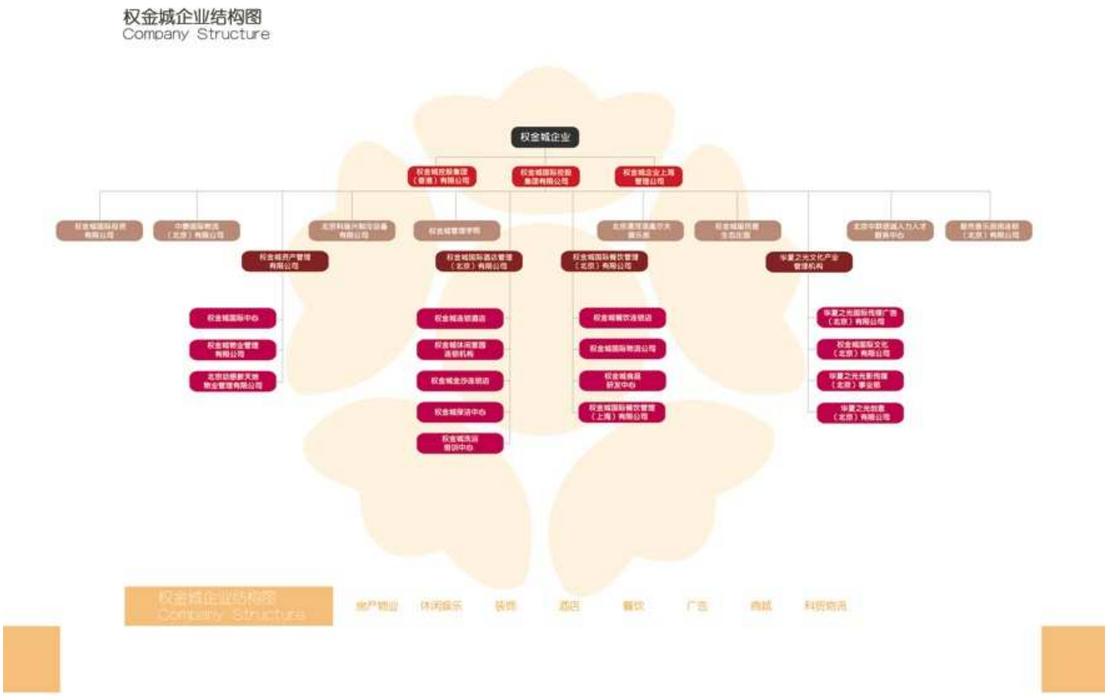
权金程在北京
QUANJINCHENG IN BEIJING

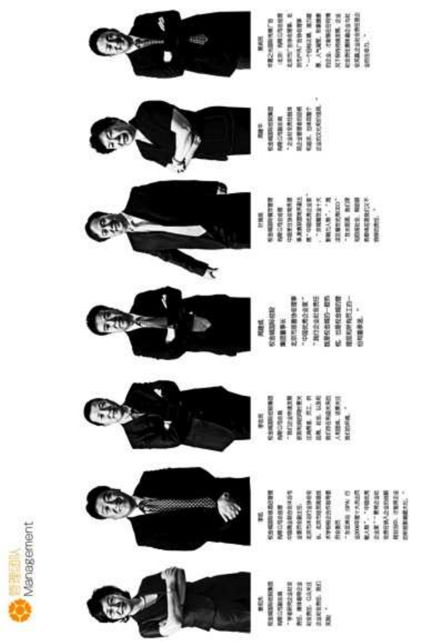
洗浴
1.稻香湖店
2.农大店
3.四季青店
4.定慧桥店
5.永定路店
6.石景山店
7.青塔店
8.玉泉营店
9.良乡店
10.长阳店
11.丰台店
12.天桥店
13.西八里店
14.中关村店
15.牡丹园店
16.志新桥店
17.清河店
18.花园路店
19.姚家园店
20.怀柔店
21.通州店

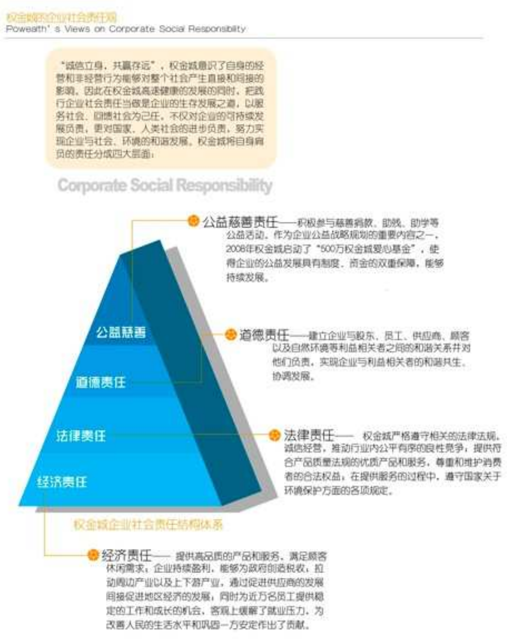
餐饮
1.昌平店
2.永丰店
3.西苑店
4.中关村店
5.定慧桥店
6.青塔店
7.房山店
8.联想桥店
9.甘家口店
10.前门店
11.清河店
12.花园路店
13.西直门店
14.华威桥店
15.燕莎店
16.怀柔店
17.顺义店

休闲
1.高尔夫
2.马术
3.留民营

酒店
1.时代广场
2.中财酒店
3.财富酒店






权金城的企业社会责任观
Poweath' s Views on Corporate Social Responsibility

"诚信立身，共赢存远"，权金城意识了自身的经营和非经营行为能够对整个社会产生直接和间接的影响。因此在权金城高速健康的发展的同时，把践行企业社会责任当做是企业的生存发展之道，以服务社会、回馈社会为己任。不仅对企业的可持续发展负责，更对国家、人类社会的进步负责，努力实现企业与社会、环境的和谐发展。权金城将自身肩负的责任分成四大层面：

Corporate Social Responsibility

公益慈善责任——积极参与慈善捐款、助残、助学等公益活动。作为企业公益战略规划的重要内容之一，2008年权金城启动了"500万权金城爱心基金"，使得企业的公益发展具有制度、资金的双重保障，能够持续发展。

道德责任——建立企业与股东、员工、供应商、顾客以及自然环境等利益相关者之间的和谐关系并对他们负责，实现企业与利益相关者的和谐共生、协调发展。

法律责任——权金城严格遵守相关的法律法规，诚信经营，推动行业内公平有序的良性竞争，提供符合产品质量法规的优质产品和服务，尊重和维护消费者的合法权益，在提供服务的过程中，遵守国家关于环境保护方面的各项规定。

公益慈善
道德责任
法律责任
经济责任

权金城企业社会责任结构体系

经济责任——提供高品质的产品和服务，满足顾客休闲需求，企业持续盈利，能够为政府创造税收，拉动周边产业以及上下游产业，通过促进供应商的发展间接促进地区经济的发展，同时为近万名员工提供稳定的工作和成长的机会，客观上缓解了就业压力，为改善人民的生活水平和巩固一方安定作出了贡献。

关注利益相关者
Dialogue with Our Stakeholders

在权金城过往的实践中发现，企业的投资或经营决策不是在真空的环境下做出的，涉及的面很广，涉及的利益相关者很多。凡能够影响企业活动或者被企业活动所影响的人或团体，我们称之为企业的利益相关者

我们希望能建立一种利益相关者对话机制，权金城企业作为组织方，倾听来自各个方面的声音，他们的利益需求是什么，他们有没有什么担忧，每一方都把自己的利益要求和顾虑直言不讳地说出来。

权金城的利益相关者包括员工、顾客、供应商、同行、股东、投资人、政府、社区居民、自然环境、非营利组织、媒体以及学术研究机构等。企业存在的意义，就是要为利益相关者创造价值。

以一种协商的态度来讨论、谋求共赢的发展方案，一方面以此获取他们对我们战略目标和活动的理解和支持，另一方面也使我们的经营活动和决策能使大多数人受益。

市场环境
Marketplace

权金城为顾客提供高品质的产品和服务，满足其日益增长的休闲需求；
权金城经营状况良好，始终保持盈利状态，不断为政府创造税收；
权金城努力打造和延长产业链，带动相关产业的发展；通过与供应商建立长期稳定的供求关系，促进地区经济的发展；
权金城为数以万计的员工提供稳定的工作和成长的机会，缓解了社会就业压力，为改善人民生活质量和营造安定团结的环境做出了贡献。

实施多元化战略，实现跨越式发展

权金城成立于2000年9月，从一家韩国烧烤店，发展成为集餐饮、休闲娱乐、房产物业、酒店、商城、广告、装饰、科贸物流等于一体的大型国际控股集团，用短短8年

发展的时间便位居中国服务行业前列。
本着“先做精、后做强，再做大”的经营战略，权金城在巩固餐饮、洗浴休闲核心竞争力的基础上不断开发相关新型产业，以实施多元化战略为指导，挖掘、扩展、整合企业各种资源，扩大企业市场占有份额，将改进和完善城市功能作为企业的发展目标，把房产物业、酒店、商城、广告、装饰、科贸物流等不同行业的子公司有机地结合起来，使其既各具特色、独立运转，又相互协作、互为补充，共同创造财富。

依法纳税

权金城自成立以来，通过强化内部管理，努力增收节支，取得了较好的经营效益。同时，权金城积极履行纳税义务，依法按时上缴税款，八年来累计缴纳纳款6000万元，成为北京市海淀区的纳税楷模。

创造就业机会

作为服务行业中发展良好的劳动密集型企业，权金城每年根据自身的发展需要，不断提供新的就业机会，由此出现了员工数量迅速增加的经济现象，到目前为止，权金城已经提供了大约13000个待遇优厚、性质稳定和晋升渠道通畅的就业岗位，这在一定程度上缓解了社会大环境的就业压力，。不仅如此，权金城在扶贫、安置下岗职工、就业培训等方面也做出了突出贡献。比如，和国家开发银行，远大职业高中对广西平果县贫困家庭青年子弟的合作培训、就业扶贫项目，就是对国家关于就业、扶贫、解决三农问题，继续扶持西部地区发展等政策的积极响应，通过这些项目，不但在一定范围内有效解决了农村人口进城就业的问题，而且也为权金城企业的发展带来了可观的人力资源选拔优势。此外，权金城还为安置下岗职工，专门成立了人才交流中心，提供免费的岗前培训和再就业培训。至此，在为社会创造就业机会方面权金城向国家和社会交出了一份令人满意的答卷。

创新的产品线设计 精致贴心的服务

权 金城每天接待的消费人数保持在2.6万人左右，针对顾客的不同需求，权金城推出了平民化服务，满足了京城百姓最迫切的消费需求并获得良好社会认可度；享誉已久的金沙品牌，正在兴建的、符合国际潮流，引领消费时尚的高尔夫会所和高档商旅酒店，是权金城为高端消费者开发的，具有个性化和多元化特点的服务市场。这些充分表明权金城以消费者为立足点，以市场为风向标，切实将创新贯穿于整个产品线。
服务是权金城的生命，企业开创至今，权金城以诚信、规范、优质的服务赢得了广大客户的绝赖，权金城坚持把客户的利益放在首位，使客户和公司真正成为利益共同体。
2007年初以来，企业颁布了更为严格的内部自检制度，在食品卫生、服务礼仪、消防安全、服务技能培训等诸多方面实行定期检查，确保提供最优质的产品和服务。
2008年，体现权金城全新服务理念的“权金城贵宾会”应运而生，权金城贵宾会致力于提升会员的生活与休闲品质，以专业化、个性化的服务优势，为会员提供多种活动和多元化的增值服务。
2008年5月，400电话服务中心在北京正式投入运营，所有呼入业务的集中也使权金城的客户服务水平提升到一个新的高度，权金城400电话服务中心在行业内率先建立并推行100%电话回访制度，确保客户服务的针对性和有效性，使“诚信服务”始终成为公司品牌核心价值的重要组成部分。
权金城把老百姓的需求装在心里，真正为老百姓的利益着想，八年来，权金城始终视顾客为上帝，力争做到全方位、多角度提供优质产品和服务，并最终在赢得了最广泛的社会可。

保障食品安全

权金城一直将食品卫生安全视作企业服务这条生命线的坚实屏障并常抓不懈，举办各种形式的卫生安全和管理培训，建立健全制度，落实责任到人，加大力度改善卫生基础设施，制定卫生突发事件处理预案，组织定期或不定期的卫生检查

评比活动，强化员工的食品安全意识，这一切，都是为了让顾客享受到安全、健康、美味的食品。

市场环境
Marketplace

■ 建立现代企业管理制度

权金城始终注重以制度促管理，以管理见效益，通过建立健全科学规范的管理体系，实现企业健康发展。
建立专业委员会管理制度，成立预算委员会、投资委员会和风险委员会等，在日常管理和风险控制等方面发挥了重大作用。
成立客户管理中心，整合资源，服务前置，建立强大的后援服务体系，降低运营成本，提高运营效率，为公司打造核心服务竞争力奠定了坚实的基础。
建立财务预算体系，强化成本控制意识，加强财务管理，完善对重点业务开发的"风险监控数据库模型"，切实有效防范经营风险。 开拓业内领先的信息技术系统，为实现现代企业管理创造必要条件。

■ 强化消防安全

定期进行消防安全检查是权金城安全管理的重要内容。根据相关制度，检查部门逐一对消防器材是否在有效期内，现场工作人员是否会进行正确操作等进行实地考核，以保证消防系统安全、可靠。权金城的安全管理渗透到每一个细节，在烧烤店操作间，着重检查易出事故的排烟烟道，督促现场工作负责人与专业清洗公司保持联系，定期进行维护、清洗，消除火灾隐患，杜绝安全事故的发生。除此之外，权金城对租赁商户也同等对待，严查违规使用热的快、库房存放易燃、易爆物品等安全隐患，收缴违规物品，并对违规人员提出严重警告。为提高安全防范意识，权金城还邀请北京消防局有关单位为各分店讲授消防知识，进行消防安全培训，迄今为止，共组织培训40余次，酒店管理公司组织集体综合演练8次 。权金城实现了消防安全隐患零发现率的目标。

■ 诚信经营，为社会经济发展做出表率

诚信经营是现代企业立足社会、拓展市场的根本保证。对于权金城而言，"诚信"二字的含义就是"说到做到"。我们对客户的承诺是：提供一流的服务，让客户100%的满意。此外，对于供应商，权金城也遵循诚信经营的原则，通过建立供货商档案管理制度，认真审核与供货商之间签定的合作协议和供货合同，严格履行合约，最终赢得广大客户的认可，同时也收获了更多供应商支持的声音和丰厚的市场回报。作为一家大型的民营企业，权金城非常重视防范经营风险，逐步建立了风险管理体系，并通过完善财务监控制度和加强稽核审计力度等方式，实现了风险的有效控制。权金城坚持以"流动性、安全性和收益性"为原则，努力管好、用活资金，力争获得最大回报。开业至今，权金城以其充足的偿付能力实现零呆坏账损失。同时，权金城八年来一致守法经营，在金融界也信誉卓著，赢得了农业银行的"AAA"信誉等级的认可，这是一份荣誉，更是一种鞭策。此外，权金城还获得了北京市2004年度"守信企业"的光荣称号。

■ 肩负本行业发展使命，拉动相关行业发展

权金城积极参与行业标准的制定，加强、注重与国内外同行的交流与合作，大力引进新技术、新理念，推动服务产业升级发展。
作为北京最有影响力的二十强企业，权金城对地区经济的拉动可谓功勋卓著。权金城每开一家分店，它就可以带动周边经济发展和相关产业的发展。例如：权金城通过属下的物流公司进行统一采购，就为相关产业包括肉类、蔬菜类的、水果类以及纺织用品供应商提供了稳定的销售渠道，实现双赢乃至多赢的市场格局。

获得社会各界的认可
Honours and Achievements

2004年 "国家特级酒店"
2005年 "年度北京人最爱的酒店"
2005年 "海淀区餐饮业贡献突出企业"
2006年 "中关村最具影响力餐饮品牌"
2006年 "中关村优秀餐饮经理人"
2005年 "海淀区餐饮业贡献突出企业"
2005年 "维护消费者权益诚信服务满意单位"
2006年 "中国[illegible]名牌"
2006年 "中国AAA级信用企业"
2006年 "中国诚信示范单位"
2006年 "中国餐饮名店"
2007年 "京城餐饮十大竞争品牌"
2006 "北京影响力" 20强
2006年 "影响首都经济生活的十大企业" [illegible]
2006年海淀区 "十强餐饮企业"
2006年第五届中关村国际美食节 "金牌[illegible]" 奖
2007年 "中国餐饮业年度十佳企业"
2008年 "[illegible]"

工作环境
Workplace

权金城坚持以人为本，尊重和保护员工的结社、安全、健康和公平就业等基本权益；
权金城将员工视为企业最基本和最宝贵的财富，为他们提供稳定的工作环境和职业发展的平台，从改善生活、培养素质和实现价值等多方面给予员工有力的支持。
"顾客是上帝" 是商业社会中众所周知的名言警句。"员工也是上帝"是权金城为全体员工许下的承诺（自己感觉"奉献"承诺不妥，仅供参考）。权金城深知人才是关系到企业发展的关键因素，只有权金城的员工积极主动地参与到企业的发展中来，与企业建立起荣辱与共的信念，把遵纪、敬业、爱岗当作自己的使命，企业才能迸发出更大的能量，从而使企业朝气蓬勃的发展下去。因此，权金城把员工视为企业最基本、最宝贵的财富，在保障员工结社、安全、健康和公平就业等基本权益基础上，为员工的成长投入了大量人力、物力与财力，使他们真正收获一份在权金城工作的荣誉感、归属感和成就感，享受到工作的乐趣。

■ 遵守《中华人民共和国劳动合同法》，依法用工

自2008年1月1日《中华人民共和国劳动合同法》施行以来，权金城国际控股集团高度重视，积极反应，依据《新劳动合同法》，要求下属各公司务必于2008年1月底与所有员工签订新劳动合同，细化完善了用工制度，制定了员工的奖惩福利措施。具体如下：

1、用工制度的变化

《新劳动法》颁发实施后，公司用工制度在原有制度的基础上更加完善、严谨，举例说明如下：
1、劳动合同制度：员工实行全员合同制管理，所有人员入职即签订劳动合同，并按签订合同的期限确定岗位试用期，在合同当中明确告知员工工作内容、工作条件、工作地点、安全状况、劳动报酬及其他相关情况，达到维护双方权益的作用。
2、公司是24小时营业制服务性企业，根据行业特性、季节性消费的特征，公司特申报实行综合计算工时制，每日工作8小时，每周休息1天，同时享受所有法定假日的休假，工作满一年（含）以上的员工可享受带薪年假等，如个别岗位因工作需要加班时，按加班申请审批流程申报后，支付标准加班费，以保护员工的合法权益。
3、公司规范细化各项管理规章制度的内容，例如：细化《员工奖惩条例》的奖惩类别、程度、条目、分值，培训告之员工，使奖惩有依有据，增加员工满意度。

2、用工程序的变化

1、公司规章制度的程序合法化，各项规定争求员工意见，并公示告之。
2、公司用人制度规范化，无论是员工个人原因提出离职或公司提出解除劳动关系，均提前一个月书面通知对方，给双方合理时间安排工作，同时，公司成立的合法工会组织，为员工申诉提供了便捷渠道，所有员工对自己的工作或其他方面有意见，可直接向领导、人力资源部、工会申诉，公司对于来自员工的各类申诉及投诉，均以保护的态度进行谨慎处理，针对解除劳动关系必须经工会同意执行，更大限度的维护员工权益。

3、《新劳动法》的执行情况

现公司在《新劳动法》要求的基准上严格执行，所有员工签订劳动合同，为员工缴纳社会保险，在保障员工权益的基础上，建立公司的党团组织，开设大专班及各项培训班提升员工的综合素质，丰富和提高员工的各项福利待遇，最大限度的体现"以人为本，员工利益第一"的管理理念。

■ 为员工提供生活保障

权金城在解决员工吃、住、行、娱等方面投入大量资金支持和人文关怀，不但为员工提供了由专人管理的、宽敞明亮的、供暖洗漱齐全的宿舍，而且针对企业年轻人多、活泼好动的特点，专门配置了电视、

棋牌、乒乓球等设施齐全的娱乐室供大家使用。

权金城实行休假制度和奖励制度，每位员工不但可以享有带薪假期，而且对每月评选出来的优秀员工给予奖励，每年均组织特别优秀的员工赴海南、云南、韩国等地旅游。

权金城经常组织知识竞赛、技能大赛、篮球、足球等文体活动，既丰富了他们的业余生活，又帮助员工提高综合素质，一举两得。每当员工遇到困难或因伤、病住院时，权金城都会给予其热情帮助，解决其实际困难，让困难伤病员工感受到权金城“家”一般的温暖。，遇到特殊困难的时候，权金城倡导员工之间开展互助捐款，既增进了员工情谊，又培养了集体主义观念。

发挥工会“心灵驿站”的作用

权金城工会是联结企业与员工的桥梁和纽带，也是员工利益的代表和倾诉对象，被大家亲切地称为“心灵驿站”，其主要职能是在企业与员工之间建立“以心交心”的绿色通道，维护广大员工的合法利益，帮助员工提高思想道德素质和科学文化素质，代表企业关爱员工，组织员工积极参加社会公益活动，组织员工开展业余文化生活，通过多种方式解决员工工作中遇到的问题和困难。权金城以充满情感的人性化管理思想为指导，以“心灵驿站”为依托，真正地拉近了员工和企业之间的距离，让员工与企业心连心，更加贴近人性的管理与沟通，也使广大员工在工作中体会到快乐，在快乐中感受激情，在

激情中收获动力，从而更好地投入到实际工作中，实现自己的社会价值与人生价值。权金城工会在员工的生活和工作两个方面发挥了积极的作用，生活上，出现困境或发生意想不到的突发事件的时候，员工们不再迷茫与无助，“心灵驿站”总会在第一时间为员工出谋划策，排忧解难。工作中，“权金城为我、我为权金城”的理念增强了员工的主人翁意识，使员工积极参与到企业的经营管理中来，主动了解掌握客户的反馈信息，并把自己对工作的意见和建议主动向工会反映，时刻关注企业的发展，铭记企业在我心中。

为员工的职业发展打造教育培训平台

经过几年的实践，权金城摸索出一整套针对不同层次人群、不同岗位、不同入职时段的、立体式的培训体系，在国内同行业的做出了表率。管理层定期参加工商管理培训，还着手组织各种专业技能的培训，与广播电视大学合作办学，用集团化采购的模式为员工创造学习的平台，为员工提供在权金城实践的机会，使员工成为既有理论知识又有实践能力的应用型复合人才，定期组织服务技能比赛、优秀员工评选等活动，并设立多种形式的奖学金，鼓励员工勤奋好学。在团队建设和素质培养方面，权金城建立了自己的拓展基地，经常性的组织各种形式的拓展训练和培训，企业致力于人才的培养，将助学和

办学结为一体。同时，“权金城”还与“中国国家教育委员会”合作，通过将全国各地中专、职高的毕业生带入企业继续深造来提升公司管理人才的层次。

“你的能力有多大，你的发展空间就有多大”

为了拥有一支高素质、富有拼搏精神和团结协作精神的员工队伍，我们建立了一整套用事业吸引人才、用激励留住人才、用制度培养人才的人力资源发展机制，在对外招贤纳士、礼聘英才的同时，更加注重企业内部员工素质的培养与提高，不但为员工创造各种培训学习的机会，而且提出“内部培养、内部招聘、内部提拔”以及“有发展、有付出、有平台、有奖励”的员工晋升方针，为有理想、有作为、忠于公司的员工提供不断成长的空间，使员工的发展与权金城的发展有机结合起来，为企业注入无穷的力量源泉。公司约90%的管理人员由内部产生，以酒店管理公司为例，该公司有60名领班、5名服务部主管、9名值班经理和4名店经理均是以其突出的工作能力和优秀的工作业绩从基层中脱颖而出并经过层层竞岗选拔走到今天的管理岗位。公司大胆改革，“论资排辈”等陈腐的用人理念，不以年龄、资历、阅历等条条框框限制人才的选拔，积极吸纳、录用年轻有为的员工进入管理层，使企业更具活力和创新精神。以权金城休闲家园为例，在员工竞

岗时，结合岗位需求，制定了资格审查、岗位评价、民主测评等工作程序，并遵照执行，改变了以往“领导说了算”的传统模式，保证了考核的准确性和科学性，使竞聘工作真正体现实情、反映民意。权金城将进一步消除制约人才发展的障碍和壁垒，推进企业内部各类要素的自由流动和整合，创造更加公平和开放的环境。

工作环境
Workplace

重奖一线服务人员

2008年，权金城在北京的所属企业宣布斥资100万元启动“微笑服务”活动，以奖励一线服务员。奖项包括价值10万元轿车、笔记本电脑和海南旅游等，通过小组推荐和顾客短信投票，每月从一线员工选出10名“微笑大使”作为候选人，然后进入决赛环节进行最后的角逐。为一线服务岗位设置如此丰厚的奖项尚属首次，打破了业内“重奖倒取”的惯例。今后，权金城还将继续通过多种方式重奖一线服务员。

权金城员工支持体系一览表

企业办学	打造内部职工教育培训平台（图1） 2007年权金城企业成立“拓展公司”为员工定期进行拓展培训（图2） 2008年3月份权金城商学院成立 2008年4月权金城与北京广播电视大学联合办法成立“大专班”为企业培养在职大学生（图3）
奖励优秀员工	2008年“微笑大使”评选 每年评选优秀员工
文体活动	2006年权金城企业举行了“全员运动大会” 每年春节为员工举办集团“年会” 2008年4月26日权金城企业为15对员工举办了盛大的“集体婚礼”（图4） 2008年6月30日权金城为员工举办了首届“权金城杯”篮球比赛 权金城企业工会每月为结婚员工奉送新婚礼金及结婚纪念品
员工救助	2008年会上启动“500万权金城爱心基金” 2008年6月3日权金城酒店管理公司“爱心救助金”启动仪式 2007年中关村店行政助理王鲜花患白血病捐助4万元 2006年定慧寺店洗碗部苗马伟急性脑膜炎捐助2万元 2007年企业双职工（刘涛、马媛媛）双胞胎女儿患严重心脏病捐助4万元 2008年永定路店店经理赵军妻子患骨髓炎捐助2000元 2008年西八里庄店排钟员薛娟娟患急性糖尿病捐助4000元 2008年春为遭受雪灾的员工家庭捐款12500元 2008年中关村店保洁候凤全女儿患肾衰竭捐助8000元 2008年汶川地震后，为受灾员工家庭捐款58100元




积极参与慈善捐款、助残、助学等公益活动，作为企业公益战略规划的重要内容之一，2008年权金城启动了“500万权金城爱心基金”，使权金城的公益事业朝着制度化、规范化、长期化的方向发展，同时促进了整个社会公益事业的良好发展。

做企业与做慈善业是既有共性，又不尽相同的两种事业，前者主要凭借企业的竞争实力为社会创造价值，后者则看中的是以仁爱之心行济困之举。权金城在抓好企业经营发展、诚信纳税的同时，积极参与慈善捐款、助残、助学等公益活动，不断提高企业的社会责任感，使企业的价值观得到了升华。权金城很强调用“心”做慈善事业，把“从善为善”作为员工思想素质教育的重要内容，把慈善义举作为企业文化塑造和个人精神提升的重要方式，主要表现在：

热心慈善，关爱儿童

权金城不仅每年都向北京市慈善协会捐赠善款，还与北京市儿童福利院签署了长期协议，进行专项扶助，每年为儿福院举办两次大型捐资捐物联谊活动。每逢新年和儿童节，权金城都会与福利院的孩子们一同度过，希望在帮助改善孩子们物质生活的同时，使孩子们在心灵上也能感受到社会的关爱和温暖。此外，从2004年开始，权金城近20家连锁店设置了“爱心捐助箱”，企业、员工和社会各界可以随时捐款，奉献爱心。

“一切为了孩子 为了孩子的一切”
All for children to all children

以合作促发展，企业为扶贫出力

权金城还有一种全新慈善捐助方式，即针对改变贫困县面貌的“一人就业，富裕一家”工程——选择家庭贫困的年轻人到北京进行技能培训，为其提供一份适合的工作，使可以满足一个家庭的生活需求，帮助他们脱贫。这一慈善项目既帮助贫困县的家庭解决温饱，改变了弱势群体的命运，又解决农村劳动力过剩的问题，为大城市建立了新的劳动力渠道，同时还使企业拥有了一批充满热情和归属感的员工，极大提升了权金城的凝聚力与向心力。昔日的贫困青年成为具有专业技能的员工，并在权金城兢兢业业地工作。权金城在力行慈善事业的过程中也收获着慈善事业所创造的全新价值，那是一种永远无法用金钱衡量的社会认可价值和企业生命力的坚强延续。

运用国家开发银行的教育扶贫资金，权金城和远大职业高中合作开展了广西省平果县扶贫项目，此次活动标志着权金城再次将扶贫事业落到实处，体现了民营企业积极响应国家号召，为共建和谐社会乐于奉献的博大胸怀。这种校企合作就业模式的成功运作实现了产业化扶贫和劳动力转移的完美结合，具有很好的示范效应，此举得到了国务院扶贫办、国家开发银行、海淀区教委、广西省平果县扶贫办的高度评价。

权金城启动了“500万权金城爱心基金”

2006年，权金城被推选为北京慈善协会的理事单位，这更加坚定了权金城“服务社会，回馈社会”的决心。2008年，权金城启动了“500万权金城爱心基金”项目，使得企业的公益事业发展具有制度、资金的双重保障，在企业公益事业的发展中写下了浓墨重彩的一笔。权金城真切地希望通过自身的行动感染和影响更多的企业参与到慈善事业中来，为构建社会主义和谐社会增添更多的活力。

权金城在宁夏建立扶贫助学基地

中国教育协会、宁夏育才学校、权金城国际酒店管理（北京）有限公司三方在宁夏建立“中育权金城宁夏扶贫助学基地”，权金城国际酒店管理公司资助该校品学兼优的贫困学生完成高中教育，并与北京多所大学嫁接，使他们有机会接受大学教育，毕业后权金城将向他们敞开大门。权金城投入大量资金和人力，全面推动培养人才、服务社会的企业办学机制，不仅为为企业的长远发展做好了人才准备，更为社会的和谐发展贡献了自己的企业力量。

捐出“冰雪援助基金”20万元，为南方受灾地区献爱心

2008年1月中旬以来，湖南、湖北、河南、江西、贵州、安徽等地出现了50年来罕见的低温、雨雪冰冻极端天气，持续时间之长、影响范围之大实属罕见，受灾地区断电、断水、房屋倒塌、交通中断，人们的生活受到严重影响。受灾群众的一举一动牵挂着全国人民的心，也牵动着权金城人的心。冰雪无情，人有情，一方受难，八方支援，天灾有多大，权金城人的爱心就有多强。权金城积极行动起来，伸出援助之手，献上真诚之心，尽奉绵薄之力，为灾区同胞捐款，送去权金城人的温暖之情。

权金城控股集团董事长周建成先生代表董事会通过中国民主建国会向南方受灾地区的人民捐款人民币20万元。此外，在董事会的带动下，企业下属子公司和各连锁店的员工也积极为灾区捐款，向家在受灾地区的员工们发放每人500元的救济款。权金城国际酒店管理有限公司所属的各连锁店于除夕之夜的联欢会举行了捐款仪式，共捐出74118.55元。

为帮助江西赣州解决因雪灾造成的脐橙滞销，权金城餐饮公司立即行动，采取积极有效的促销手段，千方百计扩大销售，共销售脐橙近10吨。公司物流中心统一购置脐橙，配送各店。各店积极响应，在确保食品卫生的前提下，增加符合卫生标准的脐橙果盘、榨汁使用量。为了支援灾区，奉献爱心，各店悬挂“同携手支援江西灾区——献爱心多吃赣南脐橙”的横幅，让更多的人伸出援助之手，和权金城一起加入到爱心传递的行列。

心系地震灾区，送上热饭、热菜，乃至热血

2008年5月12日，一场8.0级的强烈地震突然袭击了四川省汶川县，灾情发生后的第一时间，权金城的爱心行动迅速展开，权金城国际控股集团组织了募捐活动，通过北京慈善协会、海淀区东升乡政府、长江商学院等机构向灾区捐款近200万元，响应北京美食联盟要组织“北京餐饮赈灾救援团”，马上派出最好的厨师参加救援团，并为这次救援行动捐款10万元。此次汶川之行，权金城人只有一个小小的愿望，那就是为当地救援官兵和受灾群众挥勺献艺，做出卫生营养的热饭热菜，让它们感受到“权金城人和汶川人民永远在一起”。

许多员工自发组织去血液中心排队几小时献血，“虽然我们都不富裕，但我们年轻！灾区人民需要血，用我的！”他们用最质朴的方式表达拳拳爱国心。

权金城向全体员工发出倡议，号召大家为灾区人民奉献爱心，集团管理层对赈灾募捐高度关注，要求紧急启动集团爱心基金，权金城集团管理公司和各经营单位纷纷开展捐助活动，一位四川籍的服务员捐钱时不忘感谢同事：“谢谢大家惦记着四川！”权金城的90%以上的员工都是家境不富裕的农民子弟，他们的收入也并不丰厚，还有家庭需要他们照顾，尽管如此，在地震灾害面前，他们毫不犹豫地为灾区人民捐款、献血，充分体现了他们博大的爱心和崇高的道德情操——救父老乡亲于危难，救祖国于危难，是每个中国人义不容辞地责任！

权金城的慈善脚印

慈善 2006年会，启动“500万权金城爱心基金”
2008年4月，权金城企业集团荣获慈善[illegible]
2006年，连锁店内设置慈善协会“爱心捐助箱”
社会捐赠 2004年开始，每年坚持两次向“儿童福利院”捐款捐物
2008年，资助甘肃贫困儿童[illegible]上学
2008年1月，南方冰雪受灾捐款20万元
2008年5月，四川发生地震，为灾区捐款200万元
助学扶贫 2008年，投资20万元筹建河北希望小学
2008年，资助新疆、银川、山西200名贫困学生
2008年，在宁夏建立扶贫助学基地
2008年，与远大职业高中合作的广西省平果县扶贫项目
员工志愿
公益行动 2008年5月，志愿参与“北京餐饮赈灾救援团”，赴四川地震灾区



珍爱自然
Environment

在权金城的日常经营活动中，贯彻落实节水、节电、节气等各种节能措施，同时向消费者倡导节约型消费的新理念。

“从细微做起，彻底杜绝跑、冒、滴、漏的现象。”

节水措施

许多人认为餐饮服务行业存在着大量水资源浪费的现象。但是，权金城人正在以自身的行为改变着人们的这种看法。权金城非常注重节约用水，在日常工作中，员工自觉做到用水完毕及时拧紧水笼头，杜绝水管常流水现象。在保证卫生的前提下，努力做到二次用水，比如，用洗完菜和餐具的水清洁地面，以此提高水的利用率。通过水资源的分类处理以及循环利用，权金城每年可节约生产生活用水十多吨。在沐浴行业，2008年，权金城结合企业自身特点，以旗下各连锁店为

节电措施

权金城各连锁店均装有节能环保灯，员工严格遵守相关规定，上午十点开业之前，不开启大厅主灯，结束营业后，服务人员及时关闭大灯，做到人走灯灭。同时，服务人员积极倡导顾客节约用电，在满足消费者优质服务的前提下尽力节约电力资源。

倡导节约消费

权金城各连锁店的服务人员在为顾客服务时，通常会引导顾客根据人数和口味合理选择菜品、菜量，既为客人节约了费用，又为社会节省了资源，同时还减少了处理剩余垃圾所需成本，真正将“从我做起”的节约理念付诸于行动，最终取得了良好的效果

使用环保无烟炭

权金城各连锁店的烤制炭均使用了环保无烟炭，符合环保标准，客人用餐时不产生过多的烟，为顾客创造了良好的就餐环境，烤制炭选材的改良，不但深受顾客的好评，在同行业中也首屈一指。

利益相关者的声音

“权金城发挥品牌效应，发展速度快的同时建立了良好的口碑，公信度提高，企业要做大做强，必须具有社会责任感，只有实现利润最大化与社会公众效应的平衡，才能赢得公众之心。权金城此次发布《企业社会责任报告》，发挥了行业表率作用，奠定了行业领军地位。” ——北京市海淀区饮食服务行业协会会长 胡宾

“权金城企业集团与远大职业高中合作项目合作，为企业培养人才、为首都经济建设服务、为扶贫事业做出自己的贡献，这是利国利民的大好事，是落实‘三农’政策的有益尝试。同时，为实现富民政策，我们从智力扶贫入手，争取用解决一个人的就业来消除一个家庭的贫困状况，带动一个家庭走向富裕，从而全面实现小康社会，这其中离不开国家的支持、企业的帮助和学校的培养这三方的通力合作。对于广大农村来说，此举解决了农村人口进城就业的问题，对企业来说，也帮助其缓解了企业用人等困难，因此一定会有好的结果。”
——国家开发银行高级顾问张家伟

“礼貌、文明、方便、清洁，在这里我可以静静的思考，有安静的环境为我的朋友发邮件，他们服务周到，人气很旺，这与他们的经营理念有关系，经营者很聪明，用自己的心灵去撞击客人的心灵，用质朴去呼唤心灵，用实在获得利益，权金城做的很好，很有魅力，这算得上是心灵合一，真诚双赢。”
—— 康・吉米，加拿大同行

“过去的一年对权金城企业来说是振翅高飞的一年，对于我们每一位员工来说是茁壮成长的一年，因为权金城企业给我们提供了良好的工作、学习环境和广阔的发展空间，在这里我学会了很多以前不知道的东西，经理给我们细心讲解的韩国饮食文化让我们大开眼界，部长、主任手把手的教我们烤肉的知识和技巧，当我们以熟练的烤肉技术和丰富的经验为客人服务时，得到了客人的肯定和赞赏，那份心里的自豪感油然而生，激励我们更加努力、更加坚定地去做好每项工作。” —— 吴雪娟权金城烤肉西直门店员工

“我早已经把权金城当成自己的一个老朋友了，去权金城，就像去朋友家里一样，亲切、舒心，从2003年开始，我已经在权金城消费四年了，不为别的，就因为权金城真正的做到了“全”、“精”、“诚”，我想这不是每一个企业都能做到的，而权金城一直坚持做了八年，实属不易，我相信权金城一定会有更加美好的未来。” ——王建 权金城长期顾客

展望未来
Looking to the future

2008年7月权金城国际控股集团举办了“权金城企业社会责任战略规划研讨会”，权金城所属各公司高层管理人员回顾了权金城自成立以来的企业社会责任成果，并对今后的企业社会责任战略发展方向达成一致意见。在此次研讨会的基础上，权金城组织编写和发布了《权金城企业社会责任报告》，这标志着权金城承担企业社会责任的新飞跃。作为中国服务行业第一个发布企业社会责任报告的民营企业，权金城将继续积极倡导并实践企业社会责任理念，确保实现经济、社会和环境的可持续发展。展望未来，权金城将继续在开拓市场、支持员工、回报社会和珍爱自然四个方面做出更大的努力，同时，权金城还将建立和完善企业社会责任管理制度，全面落实权金城企业社会责任战略规划。